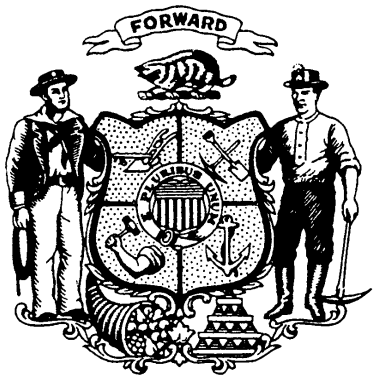
WISCONSIN

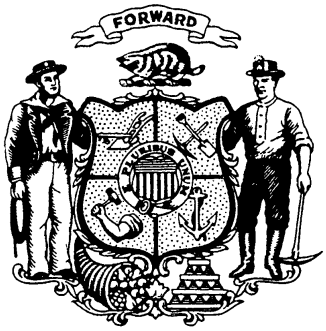
COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 1999

STATE OF
WISCONSIN

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the fiscal year ended June 30, 1999

Tommy G. Thompson, Governor

Department of Administration
George Lightbourn, Acting Secretary
William J. Raftery, State Controller

Prepared by the State Controller's Office

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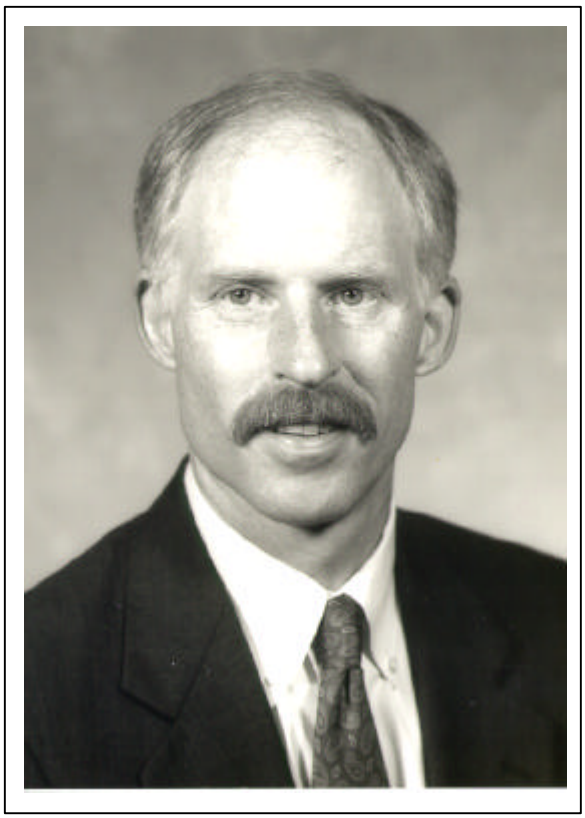

George Lightbourn, Acting Secretary
Department of Administration

William J. Raftery, CPA
State Controller

Tommy G. Thompson
Governor

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 1999

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INTRODUCTORY SECTION

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
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December 17, 1999

The Honorable Tommy G. Thompson
The Honorable Members of the Legislature
Citizens of the State of Wisconsin

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the State of Wisconsin for the fiscal year ended June 30, 1999 This report is prepared by the Department of Administration, Division of Executive Budget and Finance, State Controller's Office, which is responsible for both the accuracy of the data and the completeness and fairness of its presentation, including disclosures. We believe that the information presented is accurate in all material respects and reported in a manner designed to show the financial position and operating results of the State.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB). To report the State's financial activity, the State's budgetary funds are grouped into the fund types required by GAAP. The State's 54 budgetary funds are expanded and have been displayed into the 93 individual GAAP funds, the University of Wisconsin System, and three discrete component units. The major change has been to reclassify certain activities from the budgetary General Fund and present them in proprietary and fiduciary fund types more appropriate for the financial reporting of transactions related to commercial and trust activities. Note 1-C to the financial statements includes a more detailed discussion of the generic GAAP fund types.

Wisconsin's 1999 Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section, which provides information on the general contents of the report, contains this letter of transmittal, a list of State officials and an organizational chart of State government. The Financial Section is composed of the auditor's report, the general purpose financial statements, required supplementary information and the combining financial statements. The Statistical Section provides various financial, economic and demographic data about the State, generally on a multi-year basis.

The financial statements present information on the financial position and operations of State government as a single comprehensive reporting entity. The various agencies, departments, boards, commissions and accounts of the State that constitute the State reporting entity are included in this report in accordance with criteria established by the GASB. The reporting entity consists of all the funds and account groups of the primary government (the State of Wisconsin), as well as its component units which are legally separate organizations for which the State is financially accountable. Discretely presented component units include the Wisconsin Housing and Economic Development Authority, the Wisconsin Health Care Liability Insurance Plan, and the University of Wisconsin Hospitals and Clinics Authority. Blended component units, which are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State, include the Wisconsin Public Broadcasting Foundation, Inc. In addition, the University of Wisconsin System continues to be included in this report presented in conformity with applicable generally accepted accounting principles.

The State provides a full range of services which include education, health and social services, transportation, law, justice, public safety, recreation and resources development, public improvements and general administrative services. The costs associated with these services are presented within the financial statements in detail and summary form.

ECONOMIC CONDITION AND OUTLOOK

Wisconsin's economy remains vibrant. A strong 1998 has been followed by an equally strong 1999.

- Unemployment remained at full employment levels in 1998, averaging 3.4 percent. In 1999, unemployment has averaged 3.1 percent through October. Wisconsin's unemployment rate reached an all-time low of 2.6 percent in July 1999. The October 1999 rate of 2.8 percent is far below the national average of 4.1 percent.
- Manufacturing jobs rose 1.2 percent in 1998 to 616,800, a new record. In 1999, manufacturing jobs should average about 609,400 the same as in the previous record year, 1997.
- Construction employment increased to 112,400 in 1998, 3.4 percent higher than 1997. Construction employment reached a record high of 129,000 in July 1999.
- Total non-farm employment in 1998 also set a new record at 2,711,400. This should be eclipsed in 1999 with total non-farm employment reaching 2,745,600.
- Personal income increased 5.2 percent in 1998 and is expected to match that increase in 1999.
- The State's exports were $9.2 billion in 1998, down slightly from the 1997 record of $9.8 billion.

Wisconsin's economy has matched the nation's economic performance in recent years.

- Since 1987, Wisconsin's unemployment rate has been below the national rate.
- The Bureau of Economic Analysis projects Wisconsin's real growth will exceed the national average through the year 2005.
- The State's population growth has been among the highest for Midwest states as people relocate to Wisconsin. Since 1990, the State's population has grown by 6.8 percent.
- Over the past four years, Wisconsin's per capita personal income grew by 19.9 percent, nearly matching the national average of 20.1 percent.
- At 91.6 percent of population, Wisconsin has the second highest health insurance coverage rate in the country for the three years 1996 to 1998.
- Wisconsin also has the third lowest poverty rate.
- Wisconsin's median household income, $40,032 for 1996 to 1998 is the thirteenth highest in the country, 8.6 percent above the national average.

Looking ahead, continued gains in employment will be slower than the national average. Employers are facing labor shortages. Further, exports of capital goods should slow with the slowdown in emerging markets. Total manufacturing is expected to decline slightly.

Wisconsin's personal income growth will be affected by the slowdown in employment growth. Total personal income will grow by 5.2 percent to reach $138.4 billion in 1998 and by 4.1 percent to $144.0 billion in 1999. Personal income per capita continues to increase, but will do so at a slower rate than in 1998.

MAJOR INITIATIVES

Economic Development. In 1999, the State continued its efforts to expand existing businesses and attract new businesses to Wisconsin. The major tools used in these efforts are the Wisconsin Development Fund and the Enterprise Development Program. The State awarded $10,680,355 during Fiscal Year 1999 from the Wisconsin Development Fund, primarily through the major economic development program and customized labor training grants. The Enterprise Development Zone program has awarded more than $80.6 million in tax credits, and is expected to create over 13,100 new jobs, retain almost 19,000 jobs, and generate private investments of approximately $1.5 billion. In addition, the State offers a variety of programs that target minority business development and community based economic development. In Fiscal Year 1999, the State unveiled a Certified Capital Company (CAPCO) program that provides tax credits to eligible insurance companies in support of up to $50 million in venture capital for start-up firms, particularly in the biotechnology field. The State also continued its efforts to expand business and economic opportunities to rural areas, providing over $1.5 million through the Dairy 2020 and Rural Economic Development programs.

In 1999, the State expended $8.8 million to market Wisconsin as a national and international tourism destination, assisting a tourism industry that pumps over $7.7 billion into Wisconsin's economy and directly or indirectly supports nearly 230,000 jobs. Through an Internet home page, the State is providing statewide tourism information and enabling local governments and local tourism organizations to showcase local and regional attractions.

Transportation. The State continued to make significant investments in transportation infrastructure through expansion in highway capacity and reconstruction of existing highways and bridges. In 1999, more than 1,238 miles of State Trunk Highway (STH) and local highways were improved and 302 deficient STH bridges were rehabilitated or replaced. In all, more than $628 million in construction projects on STH and local road systems was contracted through the Wisconsin Department of Transportation.

Wisconsin also distributes State transportation user fee revenues to local governments for transportation infrastructure improvements and transit operating assistance. In 1999, $410.8 million was transferred to local governments for these purposes.

Environment. Created in 1989, Wisconsin's Warren Knowles-Gaylord Nelson Stewardship Program underscores the State's role as a national leader in environmental preservation and enhancement. The program is authorized to expend $250 million through the sale of general obligation bonds and the use of federal grant moneys for various resource development and land protection activities. To date, the Stewardship program has committed $241.2 million in a variety of categories, including acquisition of State park lands, protection of urban rivers and assistance for local parks.

Wisconsin's Environmental Improvement Fund program provides financial assistance to municipalities for the planning, design and construction of pollution abatement facilities -- primarily for wastewater treatment. Most communities applying for assistance receive subsidized loans, although some are eligible for partial grants through a hardship component of the program. Funding is provided from a State-matched federal capitalization grant authorized through the Water Quality Act, and through State revenue and general obligation bonds. In Fiscal Year 1999, the Environmental Improvement Fund made awards to municipalities amounting to $193.4 million, bringing the total amount of loans and grants awarded by the program to $1.3 billion since its inception in 1991.

The Petroleum Environmental Cleanup Fund Award program (PECFA) assists owners of leaking petroleum storage tanks with environmental remediation costs and has provided $666.8 million for cleanups at 6,620 locations since 1988. In response to concerns regarding site closure methodologies and claim payment backlogs, fundamental changes are under development aimed at dramatically reducing the number of sites requiring cleanup while protecting the environment and public health.

The 1997-99 biennial budget created a $5 million per year financial assistance program for redevelopment of underutilized land ("brownfields"). To date, 26 applicants received funding. These projects are expected to restore 321 acres of abandoned or under-used environmentally contaminated sites into clean, viable properties, result in an increase of over $70 million in taxable property values, and lead to the creation of 2,000 new jobs.

Human Resources. Fiscal Year 1999 was the second year for Wisconsin's welfare reform program called Wisconsin Works or W-2, which officially began on September 1, 1997. This program, the culmination of welfare reform efforts that began eleven years ago, replaced welfare checks with the opportunity to earn a living. The welfare caseload has continued its steep decline from over 71,000 in June of 1995 to just over 38,000 in June of 1997 to just under 11,500 cases in June of 1999. The caseload declined from June 1998 to June 1999 by 28.1 percent.

Education. Educational technology was at the forefront of major education initiatives in Fiscal Year 1999. As part of the 1997-99 biennial budget, the Governor and Legislature created the TEACH program to enable Wisconsin educational institutions to take advantage of the opportunities to improve instruction available through the expanded use of information technology. In Fiscal Year 1999, the state authorized $55 million in technology grants and loan subsidies for school districts, private schools, the University of Wisconsin System, the Wisconsin Technical College System and public libraries. Funding is used to wire schools for Internet and distance education access, subsidize monthly access costs, purchase hardware and software and provide staff training.

Regarding public elementary and secondary education, the State continued its commitment, initiated in Fiscal Year 1997, to fund two-thirds of partial school costs (costs paid either by local property taxes or state aids and credits). State aids and tax credits applied to 1998-99 school year costs totaled $4.5 billion. As part of this state aid commitment, funding for the SAGE program, which provides grants to school districts to lower class size in grades Kindergarten through 3, more than doubled in Fiscal Year 1999, from $7.0 million in Fiscal Year 1998 to $15.0 million. This allowed 80 individual schools in 46 school districts to lower class sizes in the 1998-99 school year.

The Milwaukee Parental Choice Program, which provides state funding to allow low-income families to send their children to private schools, also experienced significant expansion in the 1998-99 school year. As a result of a ruling by the State Supreme Court that expansion of the program to sectarian schools was constitutional, enrollment in choice schools increased from 1,497 students in the 1997-98 school year to 5,873 students in 1998-99.

Improving the quality of the State's teaching force received considerable attention in Fiscal Year 1999 with the creation of two new programs. Under the National Teacher Certification program, Wisconsin teachers who are certified by the National Board for Professional Teaching Standards will be eligible for $4,500 in state payments during the 1999-2001 biennium. The second new program provides grants to school districts that implement peer review and mentoring programs to assist teachers in improving their teaching skills.

In addition, the University of Wisconsin System received $1.5 million in new State funding and 8.0 FTE positions in Fiscal Year 1999 to support the expansion of interdisciplinary biotechnology research and instruction at the Madison campus. This funding should help Wisconsin maintain its position as a national leader in the biological sciences.

FINANCIAL INFORMATION

Internal Controls

The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The State's biennial budget is prepared on a mixture of cash and modified accrual bases of accounting and represents departmental appropriations based on agency requests reviewed by the Department of Administration and recommended by the Governor. The Governor's budget is submitted to the State Legislature for approval. Following debate, amendment and approval by the Senate and Assembly, the budget bill is returned to the Governor for his signature or veto in entirety or in part.

The State Constitution provides that no money shall be paid out of the Treasury except as appropriated by law. The Statutes require that the Secretary of Administration must approve all payments, and then forward such requests to the State Treasurer for signature. The Department of Administration exercises detail allotment control over all agency appropriations and approval authority over all encumbrances.

The budgetary basis of accounting required by State law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. In addition, the State's biennial budget is developed according to the statutorily required fund structure which differs extensively from the fund structure used in the financial statements.

General Government Functions

The following schedules present a summary of revenues (and proceeds from sale of bonds) and expenditures for the governmental fund types (i.e., the General Fund, special revenue funds, capital projects funds, and debt service funds) for Fiscal Years 1999 and 1998 These revenues, proceeds from sale of bonds, and expenditures are reported on the modified accrual basis of accounting in accordance with GAAP (in thousands):

Revenues and Bond Proceeds (by Source) (in thousands)	**1999 Amount**	**Percent of Total**	**1998 Amount**	**Change 1998/1999**
Taxes	$ 11,158,516	68.2%	$ 10,218,307	$ 940,209
Intergovernmental (e.g., federal assistance)	3,813,275	23.3	3,704,247	109,028
Licenses and Permits	687,766	4.2	631,870	55,896
Charges for Goods and Services	217,145	1.3	193,964	23,181
Investment Income	95,089	0.6	85,647	9,442
Gifts and Donations	14,885	0.1	5,461	9,424
Other Revenues	133,405	0.8	149,400	(15,995)
Total Revenues	16,120,081		14,988,896	1,131,185
Proceeds from Sale of Bonds	249,007	1.5	160,470	88,537
Total Revenues and Bond Proceeds	$ 16,369,088	100.0%	$ 15,149,366	$ 1,219,722

Revenues of governmental fund types totaled $16.1 billion for the Fiscal Year 1999, increasing $1,131.2 million or approximately 7.5 percent over the previous year. Due to continued strong growth, State tax revenue for Fiscal Year 1999 totaled $11.2 billion, an increase of approximately $940.2 million which represents a 9.2 percent increase over the previous year. Major increases in tax revenues occurred in individual income, general sales and use, and excise taxes. Intergovernmental revenues consisting primarily of federal assistanceincreased $109.0 million over Fiscal Year 1998, while revenues from all other sources, excluding proceeds from sale of bonds, increased $81.9 million, a 7.7 percent increase from the previous year.

Expenditures (by Function) (in thousands)	**1999 Amount**	**Percent of Total**	**1998 Amount**	**Change 1998/1999**
Current:				
Commerce	$ 194,893	1.3%	$ 181,559	$ 13,334
Education	4,542,339	30.4	4,397,970	144,369
Transportation	1,601,962	10.7	1,468,365	133,597
Environmental Resources	476,985	3.2	552,423	(75,438)
Human Relations and Resources	5,323,054	35.6	5,116,259	206,795
General Executive	333,034	2.2	308,736	24,298
Judicial	95,705	0.6	91,450	4,255
Legislative	62,789	0.4	55,144	7,645
Tax Relief and Other General Expenditures	831,526	5.6	725,316	106,210
Intergovernmental (Shared Revenue)	1,008,617	6.7	1,008,572	45
Capital Outlay	164,360	1.1	143,467	20,893
Debt Service	308,103	2.1	295,848	12,255
Total	$ 14,943,367	100.0%	$ 14,345,109	$ 598,258

Governmental expenditures totaled $14.9 billion for the fiscal year ended June 30, 1999. This represents a $598.3 million or a 4.2 percent increase over the previous year. Human Relations and Resources expenditures had the largest increase of $206.8 million, while Environmental Resources expenditures had the largest decrease of $75.4 million.

Education expenditures increased approximately 3.3 percent due in part to an increase in State assistance to Wisconsin's 426 school districts and 17 public library systems.

The 13.7 percent decrease in Environmental Resource expenditures primarily represents program payment timing differences and should not be considered a downward trend in spending.

General Fund Balance

The General Fund balance on June 30, 1999 was $(908.7) million. The fund balances appearing in the CAFR include accounts receivable for revenues accrued but cash not received, and accounts payable on expenditures which are recorded but for which cash has not yet been disbursed.

A reconciliation between the budgetary basis fund balance and the CAFR fund balance at June 30, 1999 follows (in thousands):

Fund Balance June 30, 1999 (budgetary basis – budgetary fund structure)	$ 749,282
To eliminate outstanding year-end encumbrances from expenditures	326,744
To reclassify activities reported in another GAAP fund type	(235,161)
Fund balance June 30, 1999 (budgetary basis (net of encumbrances) – GAAP fund structure)	840,864
Adjustments:	
To adjust expenditures for the municipal and county shared revenue program	(504,309)
To adjust expenditures for state property tax credit program	(357,655)
To accrue/defer revenue for tax-related items and other tax credit/aid programs (net)	(813,091)
To adjust revenues and expenditures for other items (net)	(74,524)
Fund balance June 30, 1999 (GAAP basis - as reported in CAFR)	$ (908,714)

As discussed previously, the State's 54 budgetary funds are expanded and have been displayed into 93 individual GAAP funds, the University of Wisconsin System, and three discrete component units. Accordingly, the reporting of the University of Wisconsin System in separate funds and the reclassification of certain activities from the budgetary General Fund to fiduciary and proprietary fund types resulted in the reduction of the budgetary fund balance at June 30, 1999 of $235.2 million, as noted above.

Another variation between GAAP and statutory reporting results from the revised definition of budgetary expenditures. Budgetary expenditures include $326.7 million of outstanding year-end encumbrances. These encumbrances are not reflected in the GAAP based expenditures and consequently do not impact GAAP fund balance.

In applying GAAP based expenditure and liability recognition and measurement criteria, two of the largest single accruals relate to deferred Municipal and County Shared Revenue Program payments and deferred State Property Tax Credit Program payments. Since the early 1980's, funding of these programs has been deferred to the State fiscal year following their accrual, resulting in liabilities for these programs totaling $862.3 million and $862.0 million at June 30, 1998 and 1999, respectively.

Accruals and deferrals of various tax-related items and other tax credit/aid programs also significantly contribute to the budgetary basis and GAAP basis fund difference. Net accruals/deferrals for these items resulted in an additional liability of $987.6 million and $813.1 million on June 30, 1998 and 1999, respectively.

The remaining difference between the General Fund budgetary balance and the GAAP basis balance, as listed above, represents accruals/deferrals for such items as Medicaid claims (additional liabilities of $78.1 million and $69.2 million at June 30, 1998 and 1999, respectively) and other numerous, miscellaneous adjustments to assets and liabilities.

The increase between Wisconsin's GAAP balance at June 30, 1998 (as reported in the 1998 CAFR) of $(1,274.4) million and the GAAP balance at June 30, 1999 of $(908.7) million amounted to $365.7 million. The budgetary surplus increased $160.3 million (from a budgetary fund balance of $589.0 million at June 30, 1998 to $749.3 million at June 30, 1999) and a net change in outstanding encumbrances totaled $21.9 million. Other factors impacting the change included: an increase in the amount of activity reclassified as individual fund types totaling $16.5 million; a decrease in the net liability relating to individual income taxes of $151.2 million; and a decrease in other accruals/deferrals totaling $48.8 million.

The Annual Fiscal Report, the State's financial report based on budgetary accounting, has a different focus on the General Fund. Budgetary accounting is concerned primarily with the General Purpose Revenue portion of the General Fund, which shows an ending undesignated fund balance of $701.3 million. This balance is derived by eliminating the program revenue activity from the total General Fund balance and reducing the remainder for any designations. Consequently, at June 30, 1999 the ending General Fund balance of $749.3 million is decreased by $36.5 million to reflect the elimination of program revenue activity and decreased for fund balance designations of $11.5 million to arrive at the ending undesignated budgetary fund balance of $701.3 million.

Proprietary Operations

The State has various proprietary funds (i.e., enterprise and internal service funds) that account for ongoing activities and organizations that are similar to those found in the private sector.

Enterprise funds are established to account for services provided to the public for which the revenues derived by the activity will support the services provided. The enterprise fund with the largest operating revenues is the Lottery Fund. The Lottery Fund's activities are used to provide property tax relief to taxpayers. Operating revenues of this fund totaled $428.4 million in 1999.

Internal service funds are established to account for the financing of goods or services provided to State agencies, or to other governments, on a cost-reimbursement basis. The internal service fund with the largest operating revenues is the Information Technology Services Fund. This fund was established to account for computing services provided to other State agencies and the purchase and installation of data and word processing equipment. Operating revenues of this fund totaled $43.0 million in 1999.

Pension Trust Funds

The Wisconsin Retirement System (WRS), consisting of the fixed retirement investment trust, the variable retirement investment trust, and the police and firefighters trust is administered by the Department of Employe Trust Funds. The WRS provides coverage to all eligible employes of the State of Wisconsin and other participating local units of government.

The most current actuarial valuations of the pension plan indicated that the WRS was funded at 95.1 percent of liabilities for the 451,771 participants of the WRS. The State's contribution represents 27.8 percent of total contributions required of all participating entities.

Debt Administration

The State of Wisconsin Building Commission, an agency of the State, is empowered by law to consider, act upon, authorize, issue and sell all debt obligations of the State. The total general obligation debt outstanding for the State as of June 30, 1999 was $3.4 billion.

During Fiscal Year 1999, $268.1 million of these general obligation bonds were issued to provide for the acquisition or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes. In addition, $267.6 million of general obligation bonds were issued to provide for refundings of various general obligation bonds that were outstanding during Fiscal Year 1999. Further, $55.0 million of these bonds were issued to fund veterans housing loans.

Article VIII of the Wisconsin Constitution and Wis. Stat. Sec. 18.05 limits the amount of debt the State can contract in total and in any calendar year. In total, debt cannot exceed five percent of the value of all taxable property in the State. The amount of debt contracted in any calendar year is limited to the lesser of three-quarters of one percent of aggregate value of taxable property or five percent of aggregate value of taxable property less net indebtedness at January 1.

At June 30, 1999, State of Wisconsin bonds had a rating of Aa2 from Moody's Investors Services, a rating of AA from Standard and Poor's Corporation, and AA+ from Fitch Investors Service, L.P.

Chapter 18 of the Wisconsin Statutes authorizes the State to issue revenue obligations. These obligations, which are not debt of the State, are secured by a pledge of revenues or property derived from the operations of a program funded by the issuance of the obligations. Revenue bonds totaled $3.4 billion outstanding at fiscal year-end. These bonds include: $800.0 million in Transportation Revenue Bonds issued to finance certain transportation facilities and major highway projects; $1.7 million of Wisconsin Education Revenue Bonds for the Health Education Assistance Loan Program; $2.1 billion of Wisconsin Housing and Economic Development Authority Revenue Bonds; $50.0 million for the University of Wisconsin Hospitals and Clinics Authority; and $486.6 million of Environmental Improvement Fund bonds.

Other bonds presented in the balance sheet include $.5 million of Wisconsin State Colleges Building Corporation Bonds issued to provide funds for the acquisition and construction of certain buildings and facilities for public purposes. Revenues pledged to the repayment of these bonds are derived through lease-rental agreements between State agencies and the corporations.

Cash Management

The State of Wisconsin Investment Board is responsible for investing in cash resources of the State. On a daily basis, excess cash from all funds is pooled and invested through a variety of investment vehicles. Interest income earned on these investments is allocated to the various funds based on their average daily cash balances. The total amount of investments in the State Investment Fund at June 30, 1999 was $6.2 billion.

Risk Management

The State's risk management program, encompassing all State agencies, began in 1974 within the Department of Administration. Statutory responsibilities and authority include, but are not limited to:

- Protecting the State's assets from catastrophic loss;
- Emphasizing loss reduction;
- Identifying and evaluating exposures to loss;
- Recommending changes in procedures and programs to eliminate or reduce existing exposures;

- Arranging appropriate insurance for the transfer of risk of loss; and
- Approving all insurance purchases.

Currently, the State is essentially self-insured, through its risk management program, against major losses to which it is exposed. The Risk Management Fund, an internal service fund, services most claims for risk of loss, including damage to State owned property, liability for property damages and injuries to third parties, and worker's compensation. Additional disclosures on the State's risk management activities are provided in Note 20.

OTHER INFORMATION

Independent Audit

In compliance with Wis. Stat. Sec. 13.94 (1)(c),the State Legislative Audit Bureau has performed an examination of the State's general purpose financial statements. The examination was made in accordance with generally accepted auditing standards. Their report is contained in the Financial Section which follows.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the State of Wisconsin for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1998 The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the third year the State of Wisconsin has received this award. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

We wish to express our appreciation to the many individuals whose dedicated efforts have made this report possible. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial managers and accountants of the State agencies and component units, along with staff within the State Controller's Office.

Sincerely,

George Lightbourn
Acting Secretary

William J. Raftery, CPA
State Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Wisconsin

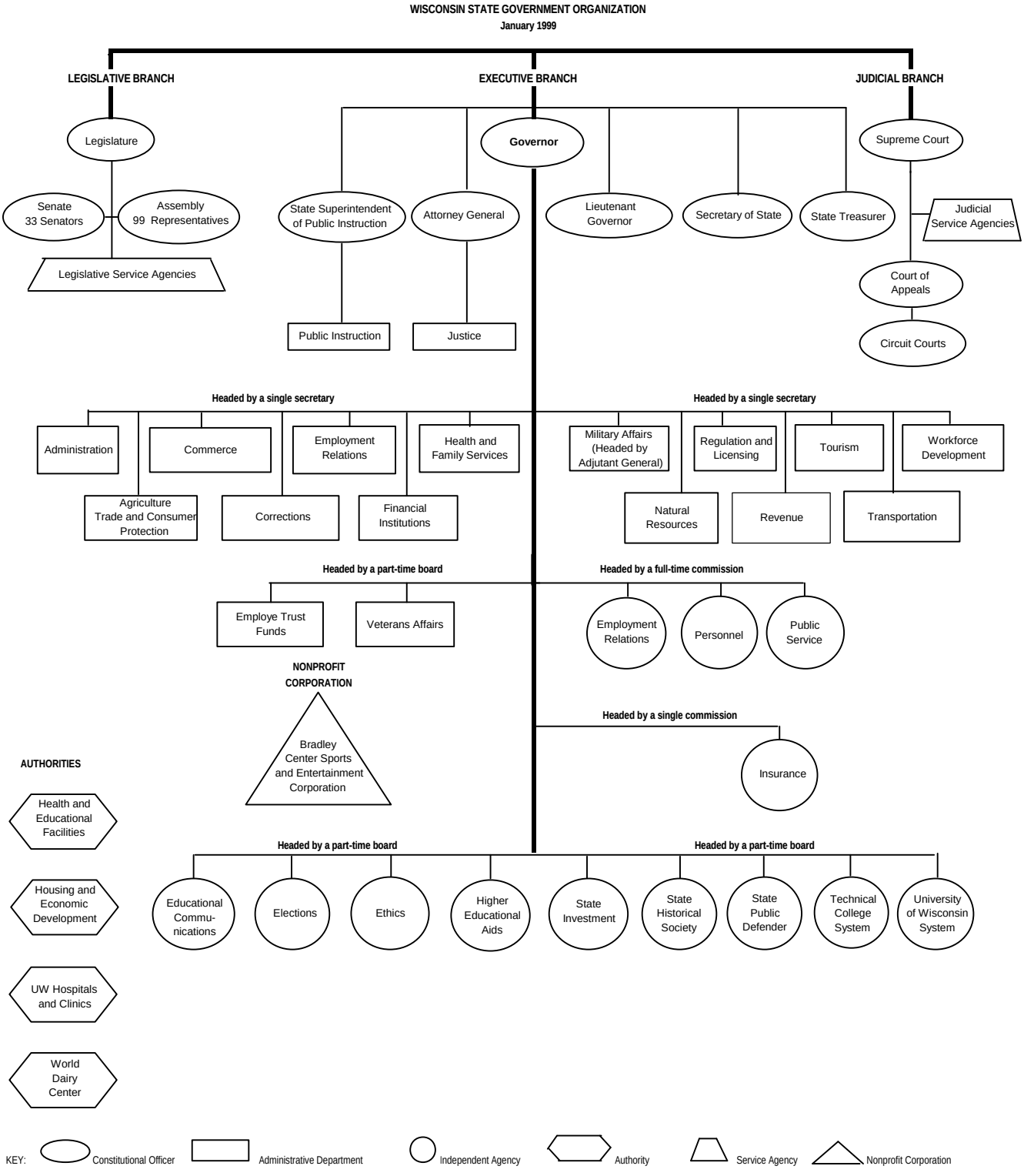
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Organizational Chart



Principal State Officials

EXECUTIVE

Tommy G. Thompson
Governor

Scott McCallum
Lieutenant Governor

Douglas J. LaFollette
Secretary of State

Jack C. Voight
State Treasurer

James E. Doyle
Attorney General

John T. Benson
State Superintendent of Public Instruction

LEGISLATIVE

Fred Risser
President of the State Senate

Scott Jensen
Speaker of the Assembly

JUDICIAL

Shirley S. Abrahamson
Chief Justice of the Supreme Court

FINANCIAL SECTION

State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR
131 W. WILSON ST., STE. 402
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Legislature

The Honorable Tommy G. Thompson, Governor

We have audited the accompanying general purpose financial statements of the State of Wisconsin as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the State of Wisconsin's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Environmental Improvement Fund, which represents 31 percent of the assets and 2 percent of the operating revenues of the enterprise funds, nor did we audit the financial statements of the Wisconsin Department of Transportation Revenue Bond Program and Commercial Paper Program, which represent 92 percent of the assets and 27 percent of the revenues and operating transfers of the debt service funds, 59 percent of the assets and 45 percent of the bond proceeds of the capital projects funds, and 21 percent of the liabilities of the general long-term debt account group. In addition, we did not audit the financial statements of the Wisconsin Housing and Economic Development Authority, the Wisconsin Health Care Liability Insurance Plan, and the University of Wisconsin Hospitals and Clinics Authority, which represent 100 percent of the financial activity of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of the Wisconsin Department of Transportation Revenue Bond Program and Commercial Paper Program, Wisconsin Health Care Liability Insurance Plan, and University of Wisconsin Hospitals and Clinics Authority were audited by other auditors in accordance with generally accepted auditing standards, but not in accordance with the additional requirements of *Government Auditing Standards.* An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State of Wisconsin as of June 30, 1999, and the results of its operations; the cash flows of its proprietary fund types, nonexpendable trust funds, and discretely presented component units; the changes in net assets for the pension trust fund and investment trust funds; and the changes in fund balances of the University of Wisconsin System for the year then ended in conformity with generally accepted accounting principles.

The required supplementary information on year 2000 is not a required part of the basic financial statements, but is supplementary information required by Governmental Accounting Standards Board technical bulletin 99-1. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the State of Wisconsin is or will be year 2000 compliant, that the State's remediation efforts will be successful in whole or in part, or that parties with which the State does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we will issue our report dated December 17, 1999, on our consideration of the State of Wisconsin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report will be included in the State's single audit report.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Wisconsin. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory section and the statistical section listed in the table of contents were not audited by us and, accordingly, we express no opinion on them.

LEGISLATIVE AUDIT BUREAU

December 17, 1999

by Janice Mueller

Janice Mueller
State Auditor

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1999

(In Thousands)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Assets and Other Debits						
Assets:						
Cash and Cash Equivalents	$ 349,584	$ 462,891	$ 57,477	$ 73,894	$ 896,619	$ 27,182
Investments	445	-	9,531	63,684	944,775	-
Securities Lending Collateral	-	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):						
Taxes	825,489	104,881	-	-	-	-
Student Loans	-	-	-	-	3,826	-
Veterans Loans	-	-	-	-	33,861	-
Mortgage Loans	-	-	-	-	682,557	-
Insurance Policy Loans	-	-	-	-	3,828	-
Loans to Local Governments	5,636	-	-	-	880,109	-
Patients Accounts Receivable	-	-	-	-	-	-
Prior Service Contributions Receivable	-	-	-	-	-	-
Other Receivables	160,001	43,800	8	2,212	63,371	1,164
Due from Other Funds	112,509	148,472	52	12,961	57,948	33,635
Due from Component Units	6	-	-	-	12	268
Due from Primary Government	-	-	-	-	-	-
Interfund Loans Receivable	84,707	-	-	-	-	-
Due from Other Governments	397,434	89,309	-	-	11,234	401
Inventories	36,983	18,796	-	-	8,304	7,330
Prepaid Items	307,084	8,959	-	-	70,095	21,001
Advances to Other Funds	-	-	-	2,500	-	3,308
Restricted and Limited Use Assets:						
Cash and Cash Equivalents	-	-	-	-	46,274	-
Investments	3	-	-	-	-	-
Capital Lease Receivable - Component Unit	-	-	-	-	-	-
Deferred Charges	-	-	-	-	8,527	474
Fixed Assets	-	-	-	-	131,107	218,180
Other Assets	-	4	-	-	9,524	-
Other Debits:						
Amount Available in Debt Service Fund	-	-	-	-	-	-
Amount to be Provided for Retirement of General Long-term Obligations	-	-	-	-	-	-
Total Assets and Other Debits	$ 2,279,880	$ 877,111	$ 67,067	$ 155,251	$ 3,851,971	$ 312,942

Fiduciary Fund Type	Account Groups					
Trust and Agency	General Fixed Assets	General Long-term Debt	University of Wisconsin System	Totals - Primary Government (Memorandum Only)	Component Units	Totals - Reporting Entity (Memorandum Only)
$ 6,596,266	$ -	$ -	$ 355,914	$ 8,819,827	$ 424,654	$ 9,244,480
57,365,841	-	-	301,176	58,685,451	334,408	59,019,860
3,917,978	-	-	-	3,917,978	-	3,917,978
-	-	-	-	930,370	-	930,370
-	-	-	164,494	168,320	-	168,320
-	-	-	-	33,861	-	33,861
-	-	-	-	682,557	1,764,208	2,446,765
-	-	-	-	3,828	-	3,828
183,048	-	-	-	1,068,793	-	1,068,793
-	-	-	-	-	62,323	62,323
2,093,634	-	-	-	2,093,634	-	2,093,634
1,082,390	-	-	66,855	1,419,800	19,430	1,439,231
73,314	-	-	40,357	479,248	-	479,248
-	-	-	4,879	5,164	-	5,164
-	-	-	-	-	1,426	1,426
-	-	-	-	84,707	-	84,707
95,246	-	-	53,300	646,924	6,611	653,535
-	-	-	26,286	97,699	2,412	100,112
5,778	-	-	16,292	429,209	2,955	432,164
-	-	-	-	5,808	-	5,808
-	-	-	-	46,274	-	46,274
-	-	-	-	3	254,530	254,533
-	-	-	33,307	33,307	-	33,307
-	-	-	7,453	16,454	15,837	32,291
635	1,649,521	-	3,695,815	5,695,257	155,752	5,851,009
250,842	-	-	-	260,370	82,540	342,910
-	-	6,320	-	6,320	-	6,320
-	-	3,599,888	-	3,599,888	-	3,599,888
$ 71,664,972	$ 1,649,521	$ 3,606,209	$ 4,766,127	$ 89,231,051	$ 3,127,086	$ 92,358,137

(Continued)

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1999

(Continued)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities, Equity and Other Credits						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ 439,976	$ 322,712	$ -	$ 14,044	$ 320,167	$ 30,843
Due to Other Funds	192,422	60,398	735	48,650	32,890	16,091
Due to Component Units	387	-	-	-	-	-
Due to Primary Government	-	-	-	-	-	-
Interfund Loans Payable	-	-	-	-	42,766	41,941
Due to Other Governments	1,400,765	122,786	-	10,405	1,475	96
Tax Refunds Payable	629,846	4,119	-	-	-	-
Tax and Other Deposits	56,402	5,083	-	-	10,029	-
Deferred Revenue	468,796	16,606	-	4	49,876	8,331
Interest Payable	-	-	28,201	-	9,085	1,384
Advances from Other Funds	-	3,308	-	-	-	-
Short-term Notes Payable	-	-	-	277,833	233	566
Securities Lending Collateral Liability	-	-	-	-	-	-
Future Benefits and Loss Liabilities	-	-	-	-	848,400	80,529
Capital Leases	-	-	-	-	660	13,298
Capital Leases - Primary Government	-	-	-	-	-	-
Installment Contracts Payable	-	-	-	-	-	-
Compensated Absences	-	-	-	-	5,978	2,524
Employer Pension Costs	-	-	-	-	-	-
General Obligation Bonds Payable	-	-	950	-	776,102	104,564
Revenue Bonds and Notes Payable	-	-	30,860	-	488,281	-
Other Bonds Payable	-	-	-	-	-	-
Claims, Judgments and Commitments	-	-	-	-	-	-
Total Liabilities	3,188,594	535,012	60,747	350,936	2,585,942	300,168
Equity and Other Credits:						
Contributed Capital	-	-	-	-	1,062,561	26,315
Investment in General Fixed Assets	-	-	-	-	-	-
Retained Earnings:						
Reserved	-	-	-	-	90,619	-
Unreserved	-	-	-	-	112,850	(13,541)
Fund Balances:						
Reserved	321,232	542,855	-	177,763	-	-
Unreserved:						
Designated	-	-	-	-	-	-
Undesignated	(1,229,946)	(200,756)	6,320	(373,448)	-	-
Total Equity and Other Credits	(908,714)	342,099	6,320	(195,685)	1,266,029	12,774
Total Liabilities, Equity and Other Credits	$ 2,279,880	$ 877,111	$ 67,067	$ 155,251	$ 3,851,971	$ 312,942

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Type	Account Groups						
Trust and Agency	General Fixed Assets	General Long-term Debt	University of Wisconsin System	Totals - Primary Government (Memorandum Only)	Component Units	Totals - Reporting Entity (Memorandum Only)
$ 571,971	$ -	$ -	$ 155,317	$ 1,855,030	$ 70,807	$ 1,925,838
93,223	-	-	34,838	479,248	-	479,248
1	-	-	1,039	1,427	-	1,427
-	-	-	-	-	5,164	5,164
-	-	-	-	84,707	-	84,707
14,876	-	-	9,381	1,559,783	3,513	1,563,296
-	-	-	-	633,964	-	633,964
249,301	-	-	1,746	322,562	136,945	459,507
2,154	-	-	78,244	624,010	1,228	625,238
-	-	-	-	38,671	52,261	90,932
-	-	-	2,500	5,808	-	5,808
-	-	-	34,705	313,337	-	313,337
3,917,978	-	-	-	3,917,978	-	3,917,978
-	-	-	-	928,929	115,776	1,044,705
-	-	10,494	9,687	34,139	674	34,814
-	-	-	-	-	33,307	33,307
-	-	1,066	47	1,113	-	1,113
455,847	-	429,911	53,472	947,732	2,465	950,198
-	-	650,243	-	650,243	-	650,243
-	-	1,743,029	754,707	3,379,352	-	3,379,352
-	-	769,150	-	1,288,291	2,184,993	3,473,284
-	-	-	450	450	-	450
-	-	2,316	-	2,316	-	2,316
5,305,351	-	3,606,209	1,136,133	17,069,091	2,607,133	19,676,224
-	-	-	-	1,088,876	-	1,088,876
-	1,649,521	-	-	1,649,521	-	1,649,521
-	-	-	-	90,619	153,576	244,196
-	-	-	-	99,309	366,377	465,686
64,844,779	-	-	3,607,357	69,493,986	-	69,493,986
-	-	-	3,267	3,267	-	3,267
1,514,842	-	-	19,371	(263,617)	-	(263,617)
66,359,621	1,649,521	-	3,629,994	72,161,960	519,953	72,681,913
$ 71,664,972	$ 1,649,521	$ 3,606,209	$ 4,766,127	$ 89,231,051	$ 3,127,086	$ 92,358,137

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:						
Taxes	$ 10,144,456	$ 1,014,060	$ -	$ -	$ -	$ 11,158,516
Intergovernmental	3,289,535	520,870	-	2,870	10,610	3,823,884
Licenses and Permits	185,853	420,605	80,631	677	-	687,766
Charges for Goods and Services	173,282	43,370	-	493	343	217,488
Contributions	-	-	-	-	613,887	613,887
Investment and Interest Income	63,928	18,163	4,324	8,674	330,231	425,321
Gifts and Donations	13,232	1,653	-	-	10	14,895
Other Revenues	110,654	20,371	-	2,380	41,659	175,063
Total Revenues	13,980,939	2,039,091	84,955	15,094	996,740	17,116,820
Expenditures:						
Current:						
Commerce	173,010	20,906	-	977	-	194,892
Education	4,527,832	741	-	13,766	19,620	4,561,959
Transportation	3,119	1,593,023	-	5,820	-	1,601,963
Environmental Resources	116,336	327,277	-	33,372	-	476,985
Human Relations and Resources	5,294,726	2,959	-	25,369	500,953	5,824,006
General Executive	301,042	16,642	-	15,350	186,252	519,286
Judicial	95,349	356	-	-	-	95,705
Legislative	62,789	-	-	-	-	62,789
Tax Relief and Other General Expenditures	727,328	100,000	-	4,198	-	831,525
Intergovernmental	1,008,617	-	-	-	-	1,008,617
Capital Outlay	-	-	-	164,360	-	164,360
Debt Service:						
Principal	-	-	167,217	-	-	167,217
Interest	-	-	136,472	3,606	-	140,078
Other	-	-	808	-	-	808
Total Expenditures	12,310,146	2,061,903	304,498	266,817	706,825	15,650,189
Excess of Revenues Over (Under) Expenditures	1,670,792	(22,812)	(219,543)	(251,723)	289,916	1,466,630
Other Financing Sources (Uses):						
Proceeds from Sale of Bonds	-	1	2,461	246,545	-	249,007
Proceeds from Refunding Bonds	-	-	406,128	175	-	406,303
Payment to Refunding Bond Escrow Agent	-	-	(405,340)	-	-	(405,340)
Operating Transfers In	43,015	191,282	219,263	31,051	-	484,610
Operating Transfers Out	(1,364,348)	(35,164)	(5,124)	(13,045)	(14,807)	(1,432,487)
Capital Leases Acquisitions	7,980	1,599	-	-	-	9,579
Installment Purchase Acquisitions	-	-	-	995	-	995
Total Other Financing Sources (Uses)	(1,313,353)	157,718	217,387	265,722	(14,807)	(687,333)

(Continued)

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds For the Fiscal Year Ended June 30, 1999

(Continued)

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	357,440	134,905	(2,155)	13,999	275,108	779,297
Fund Balances, Beginning of Year	(1,264,249)	205,861	5,046	(179,254)	2,747,691	1,515,094
Increase (Decrease) in Reserve for Inventories	(1,308)	980	-	-	-	(328)
Residual Equity Transfers In	-	352	4,000	570	-	4,923
Residual Equity Transfers Out	(597)	-	(570)	(31,000)	-	(32,167)
Fund Balances, End of Year	$ (908,714)	$ 342,099	$ 6,320	$ (195,685)	$ 3,022,799	$ 2,266,819

The notes to the financial statements are an integral part of this statement.

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General and Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	General Fund			Budgeted Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	$ 9,675,582	$ 9,961,328	$ 285,746	$ 1,020,591	$ 1,020,591	$ -
Budgeted Transfers from:						
General Fund	-	-	-	164,000	164,000	-
Departmental	6,277,161	6,291,210	14,050	1,181,416	1,181,416	-
Total Revenues	15,952,743	16,252,539	299,796	2,366,007	2,366,007	-
Expenditures:						
Current:						
Commerce	252,103	199,223	52,880	149,098	121,955	27,143
Education	7,446,755	7,207,857	238,898	114,318	113,844	474
Environmental Resources	264,785	245,912	18,873	2,293,154	1,938,306	354,848
Human Relations and Resources	5,959,333	5,833,402	125,931	12,514	6,818	5,696
General Executive	592,370	515,591	76,779	4,401	2,863	1,537
Judicial	95,753	95,069	684	675	357	318
Legislative	59,523	58,025	1,498	-	-	-
General	1,835,309	1,757,560	77,749	15,536	15,536	-
Budgeted Transfers to:						
Property Tax Relief Fund	100,000	100,000	-	-	-	-
Computer Escrow Fund	64,000	64,000	-	-	-	-
Total Expenditures	16,669,932	16,076,639	593,293	2,589,695	2,199,680	390,015
Excess of Revenues Over (Under) Expenditures	$ (717,189)	175,900	$ 893,089	$ (223,688)	166,327	$ 390,015
Fund Balances, Beginning of Year		893,828			428,336	
Prior Period Adjustment		6,356			-	
Residual Equity Transfers		(58)			58	
Fund Balances, End of Year		1,076,025			594,721	
Less Encumbrances Outstanding at June 30, 1999		(326,744)			(801,318)	
Fund Balances, End of Year Budgetary Basis		$ 749,282			$ (206,597)	

The notes to the financial statements are an integral part of this statement.

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/ Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Totals - Primary Government		Totals - Reporting Entity
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)	Component Units	(Memorandum Only)
Operating Revenues:						
Charges for Goods and Services	$ 741,113	$ 220,006	$ 176	$ 961,294	$ 353,593	$ 1,314,887
Contributions	456,320	-	-	456,320	-	456,320
Investment and Interest Income	124,426	6	1,478	125,910	145,739	271,649
Fines and Forfeitures	-	-	16,596	16,596	-	16,596
Gifts and Donations	-	-	309	309	-	309
Other Income	6,195	926	9	7,129	19,480	26,609
Total Operating Revenues	1,328,054	220,938	18,567	1,567,560	518,811	2,086,370
Operating Expenses:						
Personal Services	203,824	49,770	129	253,723	196,664	450,387
Supplies and Services	470,189	133,110	215	603,513	151,108	754,621
Lottery Prize Awards	236,702	-	-	236,702	-	236,702
Depreciation	9,026	26,770	-	35,796	22,772	58,568
Benefit Expense	192,526	20,769	-	213,295	(8,160)	205,135
Interest Expense	70,255	-	-	70,255	135,761	206,017
Other Expenses	16,176	-	-	16,176	77,639	93,814
Total Operating Expenses	1,198,697	230,419	344	1,429,460	575,784	2,005,244
Operating Income (Loss)	129,356	(9,481)	18,224	138,099	(56,973)	81,126
Nonoperating Revenues (Expenses):						
Operating Grants	4,802	355	6	5,162	55,660	60,822
Investment and Interest Income	18,889	143	-	19,032	46,876	65,908
Gain (Loss) on Disposal of Fixed Assets	(159)	526	-	367	(30)	337
Interest Expense	(703)	(5,242)	-	(5,946)	-	(5,946)
Other Revenues	2,360	4,681	-	7,041	1,298	8,339
Other Expenses	(170,449)	(37)	-	(170,485)	(227)	(170,713)
Total Nonoperating Revenues (Expenses)	(145,261)	426	6	(144,829)	103,577	(41,253)
Income (Loss) Before Operating Transfers	(15,904)	(9,055)	18,229	(6,730)	46,604	39,874
Operating Transfers In	53,019	6,219	12,100	71,338	-	71,338
Operating Transfers Out	(30,972)	(4,826)	(58)	(35,855)	-	(35,855)
Operating Transfers to Primary Government	-	-	-	-	(2,400)	(2,400)
Net Income before Extraordinary Items	6,143	(7,662)	30,271	28,752	44,204	72,956
Extraordinary Items:						
Gain (Loss) from Extinguishment of Debt	-	-	-	-	(79)	(79)
Gain on Casualty Settlement	20	-	-	20	-	20
Net Income (Loss)	6,163	(7,662)	30,271	28,772	44,125	72,897

(Continued)

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/ Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units
For the Fiscal Year Ended June 30, 1999

(Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals - Primary Government (Memorandum Only)	Component Units	Totals - Reporting Entity (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust			
Retained Earnings/Fund Balances, Beginning of Year	197,306	(5,879)	408,843	600,270	475,829	1,076,099
Retained Earnings/Fund Balances, End of Year	$ 203,469	$ (13,541)	$ 439,115	$ 629,043	$ 519,953	$ 1,148,996

The notes to the financial statements are an integral part of this statement.

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units * For Fiscal Year Ended June 30, 1999

(In Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Totals - Primary Government	
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)	Component Units *
Cash Flows from Operating Activities:					
Cash Receipts from Customers	$ 1,165,961	$ 216,618	$ 176	$ 1,382,755	$ 2,264
Cash Payments to Suppliers for Goods and Services	(450,797)	(134,865)	(103)	(585,764)	(4,432)
Cash Payments to Employes for Services	(194,083)	(49,400)	(127)	(243,610)	(10,257)
Cash Payments for Lottery Prizes	(247,635)	-	-	(247,635)	-
Cash Payments for Loans Originated	(146,616)	-	-	(146,616)	(315,991)
Cash Payments for Benefits	(157,647)	(18,894)	-	(176,541)	(2,147)
Interest Income	50,575	-	-	50,575	136,437
Fines and Forfeitures	-	-	16,590	16,590	-
Collection of Loans	109,335	-	-	109,335	334,806
Other Operating Revenues	6,078	694	318	7,090	15,908
Other Operating Expenses	(36,735)	-	-	(36,735)	(87,289)
Other Sources of Cash	2,540	19,550	-	22,090	-
Other Uses of Cash	(13)	(225)	-	(238)	(3,688)
Net Cash Provided (Used) by Operating Activities	100,964	33,479	16,854	151,297	65,610
Cash Flows from Noncapital Financing Activities:					
Operating Grants Receipts	4,651	364	6	5,020	55,660
Grants for Loans to Governments	49,607	-	-	49,607	-
Proceeds from Issuance of Long-term Debt	187,559	-	-	187,559	609,655
Retirement of Long-term Debt	(36,913)	-	-	(36,913)	(599,336)
Interest Payments	(67,419)	(4)	-	(67,422)	(137,506)
Interfund Loans Received	12,558	4,057	-	16,615	-
Interfund Loans Repaid	(311)	(2,744)	-	(3,055)	-
Interfund Advances	2,000	2,146	-	4,146	-
Operating Transfers In	53,997	6,236	12,100	72,333	-
Operating Transfers Out	(24,890)	(4,827)	(58)	(29,774)	-
Residual Equity Transfers In	31,000	-	-	31,000	-
Residual Equity Transfers Out	(4,000)	-	-	(4,000)	-
Other Cash Inflows from Noncapital Financing Activities	25	1	-	26	-
Other Cash Outflows from Noncapital Financing Activities	(266,350)	-	-	(266,350)	(2,968)
Net Cash Provided (Used) by Noncapital Financing Activities	(58,485)	5,229	12,048	(41,208)	(74,495)
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Issuance of Long-term Debt	1,982	6,631	-	8,613	-
Repayment of Long-term Debt	(775)	(7,987)	-	(8,762)	-
Proceeds of Short-term Notes	10	18	-	28	-
Interest Payments	(654)	(3,219)	-	(3,873)	-
Interfund Advances Repaid	-	(1,896)	-	(1,896)	-
Capital Lease Obligations	(156)	(6,524)	-	(6,680)	-
Proceeds from Sale of Fixed Assets	35	1,495	-	1,530	-
Payments for Purchase of Fixed Assets	(3,738)	(22,341)	-	(26,079)	(879)
Other Cash Inflows from Capital Financing Activities	625	-	-	625	-
Other Cash Outflows from Capital Financing Activities	(71)	-	-	(71)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,741)	(33,823)	-	(36,564)	(879)
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	70,182	-	2,302	72,484	886,396
Purchase of Investment Securities	(127,422)	-	(2,797)	(130,219)	(807,594)
Cash Payments for Loans Originated	(151,858)	-	(25,331)	(177,189)	-
Collection of Loans	43,586	-	84,476	128,062	-
Investment and Interest Receipts	146,530	125	828	147,484	46,625
Net Cash Provided (Used) by Investing Activities	(18,980)	125	59,478	40,623	125,427
Net Increase (Decrease) in Cash and Cash Equivalents	20,757	5,011	88,379	114,147	115,664
Cash and Cash Equivalents, Beginning of Year	922,136	22,171	155,979	1,100,287	279,061
Cash and Cash Equivalents, End of Year	$ 942,893	$ 27,182	$ 244,359	$ 1,214,434	$ 394,725

* The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Page 27 and 28 of the CAFR. The **University of Wisconsin Hospitals and Clinics Authority** prepares this statement using the indirect method, as presented on Page 29.

(Continued)

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units * For Fiscal Year Ended June 30, 1999

(Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals - Primary Government	
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)	Component Units *
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:					
Operating Income (Loss)	$ 129,356	$ (9,481)	$ 18,224	$ 138,099	$ (60,629)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	9,026	26,770	-	35,796	1,454
Amortization	1,022	-	-	1,022	4,316
Provision for Uncollectible Accounts	(76)	-	-	(76)	-
Operating Income (Investment Income) Classified as Investing Activity	(75,729)	-	(1,478)	(77,207)	(11,102)
Operating Expense (Interest Expense) Classified as Noncapital Financing Activity	68,132	-	-	68,132	130,461
Miscellaneous Nonoperating Income (Expense)	2,391	19,732	-	22,123	-
Changes in Assets and Liabilities:					
Decrease (Increase) in Receivables	(59,351)	(439)	-	(59,789)	22,001
Decrease (Increase) in Due from Other Funds	(721)	(2,916)	(25)	(3,663)	-
Decrease (Increase) in Due from Component Units	(1)	(66)	-	(68)	-
Decrease (Increase) in Due from Other Governments	(510)	(110)	-	(621)	-
Decrease (Increase) in Inventories	(439)	(372)	-	(810)	-
Decrease (Increase) in Prepaid Items	(3,263)	(19,247)	1	(22,509)	-
Decrease (Increase) in Deferred Charges	(1,406)	-	-	(1,406)	-
Decrease (Increase) in Other Assets	853	-	-	853	(5,801)
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	(9,640)	16,443	133	6,936	(5,323)
Increase (Decrease) in Compensated Absences	516	274	-	790	29
Increase (Decrease) in Due to Other Funds	298	1,607	(1)	1,905	-
Increase (Decrease) in Due to Primary Government	-	-	-	-	33
Increase (Decrease) in Due to Other Governments	(32)	(138)	-	(170)	790
Increase (Decrease) in Tax and Other Deposits	650	-	-	650	-
Increase (Decrease) in Deferred Revenue	3,108	(454)	-	2,654	(311)
Increase (Decrease) in Interest Payable	(122)	-	-	(122)	-
Increase (Decrease) in Future Benefits and Loss Liabilities	36,902	1,875	-	38,777	(10,308)
Total Adjustments	(28,392)	42,960	(1,370)	13,198	126,239
Net Cash Provided by Operating Activities	$ 100,964	$ 33,479	$ 16,854	$ 151,297	$ 65,610
Noncash Investing, Capital and Financing Activities:					
Capital Leases (Initial Year):					
Fair Market Value	$ 250	$ -	$ -	$ 250	$ -
Current Year Cash Receipts (Payments)	(46)	-	-	(46)	-
Contributions/Transfer In (Out) of Noncash Assets and Liabilities from/to Other Funds	(3,402)	401	-	(3,001)	-
Net change in unrealized gains and losses	(40,519)	-	709	(39,810)	406
Other	(61)	607	-	546	-
Reconciliation of Fiduciary Fund Type Cash and Cash Equivalents to the Combined Balance Sheet:					
Nonexpendable Trust Fund			$ 244,359		
Fiduciary Funds, Other Than Nonexpendable Trust			6,351,908		
Total Fiduciary Fund Type Cash and Cash Equivalents, End of Year			$ 6,596,266		

* The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Page 27 and 28 of the CAFR. The **University of Wisconsin Hospitals and Clinics Authority** prepares this statement using the indirect method, as presented on Page 29.

(Continued)

Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units * For Fiscal Year Ended June 30, 1999

(Continued)

	Component Units *
Cash Flows from Operating Activities:	
Operating Income	$ 3,656
Adjustments to Reconcile Operating Income to Net	
Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	17,002
Provision for Bad Debt	5,497
Other Sources	478
Other Uses	(227)
Changes in Assets and Liabilities:	
Decrease (Increase) in Net Patient Receivables	(9,853)
Decrease (Increase) in Other Receivables	40
Decrease (Increase) in Due from Primary Government	(331)
Decrease (Increase) in Inventories	(105)
Decrease (Increase) in Prepaid Items	57
Decrease (Increase) in Other Assets	135
Increase (Decrease) in Accounts Payable and Other Accrued Expenses	3,186
Increase (Decrease) in Due to Other Governments	(1,117)
Increase (Decrease) in Due to Primary Government	1,367
Increase (Decrease) in Compensated Absences	302
Net Cash Provided (Used) by Operating Activities	20,086
Cash Flows from Noncapital Financing Activities:	
Operating Transfers to Primary Government	(2,400)
Net Cash Provided (Used) by Noncapital Financing Activities	(2,400)
Cash Flows from Capital and Related Financing Activities:	
Payments for Purchase of Fixed Assets	(40,438)
Capital Leases Payable - Primary Government	(2,357)
Capital Leases Payable	(313)
Proceeds from Sale of Fixed Assets	48
Net Cash Provided (Used) by Capital and Related Financing Activities	(43,060)
Cash Flows from Investing Activities:	
Decrease (Increase) in Assets Whose Use is	
Limited or Restricted	19,034
Increase in Investments	(1,531)
Interest and Dividends Receipts	6,728
Decrease in Investment in Affiliate	175
Net Cash Provided (Used) by Investing Activities	24,406
Net Increase (Decrease) in Cash and Cash Equivalents	(968)
Cash and Cash Equivalents at Beginning of Year	30,897
Cash and Cash Equivalents at End of Year	$ 29,929
Noncash Investing, Capital and Financing Activities:	
Net change in unrealized gains and losses	$ 2,703

* The **University of Wisconsin Hospitals and Clinics Authority** prepares the statement of cash flows using the indirect method of reporting cash flows, as presented on this page. The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare this statement using the direct method, as presented on Pages 27 and 28 of the CAFR.

The notes to the financial statements are an integral part of this statement.

Combined Statement of Changes in Net Assets - Pension Trust Fund and Investment Trust Funds
For the Year Ended June 30, 1999

(In Thousands)

	Wisconsin Retirement System	Investment Trust Funds	Totals (Memorandum Only)
Additions			
Contributions:			
Employer Contributions	$ 440,519	$ -	$ 440,519
Employe Contributions	515,415	-	515,415
Total Contributions	955,934	-	955,934
Deposits	-	8,870,805	8,870,805
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	3,699,058	-	3,699,058
Interest	1,187,215	-	1,187,215
Dividends	467,063	-	467,063
Real Estate Income	49,524	-	49,524
Securities Lending Income	211,635	-	211,635
Other	66,943	-	66,943
Investment Income of Investment Trust Funds	-	160,197	160,197
Less:			
Investment Expense	(78,456)	(516)	(78,973)
Securities Lending Rebates and Fees	(193,848)	-	(193,848)
Investment Income Distributed to Other Funds	(64,195)	-	(64,195)
Net Investment Income	5,344,939	159,680	5,504,619
Interest on Prior Service Receivable	162,231	-	162,231
Miscellaneous Income	258	-	258
Total Additions	6,463,361	9,030,485	15,493,846
Deductions			
Benefits and Refunds:			
Retirement, Disability, and Beneficiary	1,742,761	-	1,742,761
Separations	37,399	-	37,399
Total Benefits and Refunds	1,780,161	-	1,780,161
Distributions	-	9,057,572	9,057,572
Disability Insurance Premiums	4,359	-	4,359
Administrative Expense	11,236	236	11,473
Total Deductions	1,795,756	9,057,809	10,853,565
Net Increase (Decrease)	4,667,605	(27,323)	4,640,281
Net Assets - Beginning of Year	55,247,667	3,009,759	58,257,426
Net Assets - End of Year	$ 59,915,272	$ 2,982,436	$ 62,897,707

The notes to the financial statements are an integral part of this statement.

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes - University of Wisconsin System
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Unrestricted	Restricted	Totals
Revenues:			
Tuition and Fees	$ 596,256	$ -	$ 596,256
Federal Appropriations	15,451	-	15,451
Federal Grants and Contracts	75,909	283,234	359,143
State Grants and Contracts	19	12,513	12,532
Local Grants and Contracts	30	9,019	9,048
Private Gifts, Grants and Contracts	6,782	223,155	229,937
Endowment Income	1,215	9,722	10,937
Sales and Services of Educational Activities	164,146	-	164,146
Sales and Services of Auxiliary Enterprises	211,619	-	211,619
Sales and Services to Hospital Authority	-	35,356	35,356
Other Sources	130,261	4,236	134,497
Total Revenues	1,201,686	577,236	1,778,922
Expenditures and Mandatory Transfers:			
Educational and General:			
Instruction	663,727	54,903	718,630
Research	134,864	336,293	471,158
Public Service	146,329	47,091	193,419
Academic Support	248,434	9,153	257,587
Farm Operations	10,558	-	10,558
Student Services	197,583	12,293	209,876
Institutional Support	133,596	4,617	138,213
Operation and Maintenance of Plant	142,351	54	142,405
Financial Aid	112,719	87,143	199,863
Total Educational and General	1,790,163	551,548	2,341,711
Auxiliary Enterprises	187,184	203	187,387
Cost of Services Provided to UW Hospital Authority	-	34,726	34,726
Mandatory Transfers:			
Debt Service on Academic Facilities	78,027	-	78,027
Debt Service on Self-Amortizing Facilities	15,922	1,036	16,958
Debt Service on Hospital Facilities	-	4,002	4,002
Student Loan Matching	832	-	832
Total Mandatory Transfers	94,780	5,038	99,818
Total Expenditures and Mandatory Transfers	2,072,127	591,515	2,663,642
Other Transfers, Additions (Deductions):			
Operating Transfers In	904,200	14,908	919,108
Operating Transfers Out	(6,742)	(628)	(7,370)
Excess of Restricted Receipts Over Expenditures	-	34,943	34,943
Nonmandatory Transfers	2,427	(196)	2,231
Plant Additions	(18,581)	(21,981)	(40,562)
Other	(441)	(14)	(454)
Net Other Transfers, Additions (Deductions)	880,864	27,032	907,896
Prior Period Adjustments	(1,469)	-	(1,469)
Net Increase (Decrease) in Fund Balance	$ 8,954	$ 12,752	$ 21,707

The notes to the financial statements are an integral part of this statement.

Combined Statement of Changes in Fund Balances - University of Wisconsin System For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds
	Unrestricted	Restricted			
Revenues and Other Additions:					
Unrestricted Current Funds Revenues	$ 1,201,686	$ -	$ -	$ -	$ -
Grants and Contracts	-	414,984	-	-	-
Restricted Gifts Received	-	257,824	504	721	-
Investment Income - Restricted	-	234	309	-	625
Endowment Income - Restricted	-	8,229	294	-	-
Federal Reimbursement of Loan Cancellations	-	-	931	-	-
Delinquent Loan and Collection Penalty	-	-	746	-	-
U.S. Government Advances	-	-	88,745	-	-
Interest Accrued on Loans Outstanding	-	-	3,607	-	-
Net Increase in Fair Market Value of Investments	-	-	-	20,083	-
Proceeds from the Sale of Notes and Bonds	-	-	-	-	92,852
Retirement of Indebtedness	-	-	-	-	63,440
Additions to Land, Buildings and Improvements	-	-	-	-	69,581
Equipment and Library Acquisitions (Net of Disposals)	-	-	-	-	24,334
Gifts-in-Kind	-	-	-	-	3,745
Other Additions	-	4,002	214	-	752
Total Revenues and Other Additions	1,201,687	685,274	95,350	20,804	255,330
Expenditures and Other Deductions:					
Current Funds Expenditures	1,977,347	586,477	-	-	-
Indirect Costs Recovered	-	73,095	-	-	-
Loan Cancellations and Write-offs	-	-	1,036	-	-
Loans Granted	-	-	86,932	-	-
Administrative Allowances-Perkins Loans	-	-	622	-	-
Administrative Expenses	-	-	1,014	-	-
Notes and Bonds Issued	-	-	-	-	92,852
Expended for Plant Facilities	-	-	-	-	109,959
Disposal of Plant Facilities	-	-	-	-	2,827
Retirement of Indebtedness	-	-	-	-	63,440
Interest on Indebtedness	-	-	-	-	40,499
Reduction of Capital Lease Receivable	-	-	-	-	109
Other Deductions	441	14	353	290	165
Total Expenditures and Other Deductions	1,977,788	659,586	89,957	290	309,851

(Continued)

Combined Statement of Changes in Fund Balances - University of Wisconsin System For the Fiscal Year Ended June 30, 1999

(Continued)

	Current Funds			Endowment and Similar	
	Unrestricted	Restricted	Loan Funds	Funds	Plant Funds
Transfers Among Funds:					
Operating Transfers In	904,200	14,908	-	-	859
Operating Transfers Out	(6,742)	(628)	-	-	(201)
Mandatory Transfers:					
Debt Service on Academic Facilities	(78,027)	-	-	-	78,027
Debt Service on Self-Amortizing Facilities	(15,922)	(1,036)	-	-	16,958
Debt Service on Hospital Facilities	-	(4,002)	-	-	4,002
Student Loan Matching	(832)	-	832	-	-
Nonmandatory Transfers	2,427	(196)	296	(2,521)	(6)
Transfers to Plant Funds	(18,581)	(21,981)	-	(2,327)	42,889
Net Transfers Among Funds	786,525	(12,935)	1,127	(4,847)	142,527
Net Increase (Decrease) for the Year	10,424	12,752	6,520	15,667	88,006
Fund Balances, Beginning of Year Restated	188,827	30,885	167,624	281,318	2,827,970
Fund Balances, End of Year	$ 199,251	$ 43,637	$ 174,145	$ 296,985	$ 2,915,976

The notes to the financial statements are an integral part of this statement.

Notes To The Financial Statements

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying general purpose financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements of the University of Wisconsin System have been prepared in conformity with generally accepted accounting principles for colleges and universities as prescribed by the American Institute of Certified Public Accountants and the National Association of College and University Business Officers.

B. Financial Reporting Entity

For GAAP purposes, the State of Wisconsin includes all funds, account groups, elected offices, departments and agencies of the State, as well as boards, commissions, authorities and universities. The State has also considered all potential "component units" for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the State's reporting entity is based on the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity,* which include the ability to appoint a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

Based upon the application of the criteria contained in GASB Statement No. 14, the Wisconsin Public Broadcasting Foundation, Inc. is reported as a blended component unit; and the Wisconsin Housing and Economic Development Authority, the Wisconsin Health Care Liability Insurance Plan and the University of Wisconsin Hospitals and Clinics Authority are presented as discrete component units, as discussed below.

Complete financial statements of the individual component units that issue separate statements can be obtained from their respective administrative offices:

Wisconsin Public Broadcasting Foundation Inc.
Wisconsin Educational Communications Board
3319 West Beltline Highway
Madison, WI 53702

Wisconsin Housing and Economic Development Authority
201 West Washington Avenue, Suite 700
Madison, WI 53702

Wisconsin Health Care Liability Insurance Plan
Office of the Commissioner of Insurance
121 East Wilson Street, 1st Floor
Madison, WI 53702

University of Wisconsin Hospitals and Clinics Authority
205 WARF Building
610 Walnut Street
Madison, WI 53705

Blended Component Units

Blended component units are entities which are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. The blended component unit serves or benefits the primary government. They are reported as part of the State and blended into the appropriate funds.

Wisconsin Public Broadcasting Foundation, Inc. - The Wisconsin Public Broadcasting Foundation, Inc. (Foundation), created in 1983 by the Wisconsin Legislature, is a private, nonstock, nonprofit Wisconsin Corporation, wholly owned by the Wisconsin Educational Communications Board (ECB), a unit of the State. The Foundation solicits funds in the name of, and with the approval of, the ECB. The Foundation's funds are managed by a five member board of trustees consisting of the executive director of the ECB and four members of the ECB board. In addition to accountability for fiscal matters, the State has the ability to significantly influence operations of the Foundation through legislation. The Foundation is reported as an enterprise fund.

Discrete Component Units

These component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. The Component Units' column of the combined financial statements include financial data of these entities. One of the component units reports on a fiscal year ended December 31.

Wisconsin Housing and Economic Development Authority - The Wisconsin Housing and Economic Development Authority (Authority) was established by the Wisconsin Legislature in 1972 to help meet the housing needs of Wisconsin's low and moderate income citizens. The State has significantly expanded the scope of services of the Authority by adding programs which include financing for farmers and for economic development projects. While the Authority receives no State tax dollars for its bond-supported programs and the State is not liable on bonds the Authority issues, the State has the ability to significantly influence operations of the Authority through legislation. The State appoints the Authority's Board and has the ability to impose its will on the Authority.

Wisconsin Health Care Liability Insurance Plan - The Wisconsin Health Care Liability Insurance Plan (Plan) was established by rule of the Commissioner of Insurance of the State of Wisconsin to provide health care liability insurance and liability coverage normally incidental to health care liability insurance to eligible health care providers in the State. Eight out of 13 members of the Board of Directors are appointed by the Governor, and the State has the ability to impose its will upon the Plan. The Plan reports on a fiscal year ended December 31.

University of Wisconsin Hospitals and Clinics Authority – The University of Wisconsin Hospitals and Clinics Authority (Hospital) is a not-for-profit academic medical center. The Hospital operates an acute-care hospital with approximately 480 available beds, numerous specialty clinics, and seven ambulatory facilities providing comprehensive health care to patients, education programs, research and community service to residents of southern Wisconsin. Prior to June 1996, the Hospital was a unit of the University of Wisconsin-Madison. In June 1996, in accordance with legislation enacted by the State Legislature, the Hospital was restructured as a Public Authority, a public body corporate and politic created by State statutes. Eleven of the thirteen members of the Hospital's Board of Directors are appointed by the State.

The legislation that created the Hospital Authority also provided, among other things, for the Board of Regents of the University of Wisconsin System to execute various agreements with the Hospital. These agreements include an Affiliation Agreement, a Lease Agreement, a Conveyance Agreement and a Contractual Services Agreement and Operating and Service Agreement.

The Affiliation Agreement requires the Hospital to continue to support the educational, research and clinical activities of the University of Wisconsin-Madison, which are administered by the Hospital. Under the terms of a Lease Agreement, the Hospital leases facilities, which were occupied by the Hospital as of June 29, 1996 (see Note 7A to the financial statements). Under a Conveyance Agreement, certain assets and liabilities related to the Hospital were identified and transferred to the Hospital effective July 1, 1996. Subject to the Contractual Services Agreement and Operating and Service Agreement between the Board of Regents and the Hospital, the two parties have entered into contracts for the continuation of services in support of programs and operations.

Related Organizations

These related organizations are excluded from the reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. Financial statements are available from the respective organizations.

Wisconsin Health and Educational Facilities Authority - a public body politic and corporate that provides financing for capital expenditures and refinancing of indebtedness for Wisconsin health care and educational institutions.

Bradley Center Sports and Entertainment Corporation - a public body politic and corporate that operates the Bradley Center.

World Dairy Center Authority - an authority created to establish a center for the development of dairying in the United States and the world; to analyze worldwide trends in the dairy industry and recommend actions to be taken by the State; promote dairy cattle, technology, products and services; and develop new markets for dairy and dairy-related products.

Wisconsin Advanced Telecommunications Foundation - organized as a nonstock corporation, administers an endowment fund to support advanced telecommunications technology application projects and efforts to educate telecommunications users about advanced services.

C. Fund Structure

The State uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly effect net expendable available financial resources.

The financial activities of the State are recorded in the fund types and account groups identified below.

Governmental Fund Types

General Fund - the primary operating fund of the State used to account for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes.

Capital Projects Funds - used to account for the acquisition or construction of major State-owned capital facilities.

Debt Service Funds - used to account for the accumulation of resources for, and the payment of, principal, interest and related costs of general long-term obligations.

Proprietary Fund Types

Enterprise Funds - used to account for operations where the State's intent is that the cost of providing goods or services to the general public be financed or recovered primarily through user charges or where the periodic determination of net income is appropriate for capital maintenance, management control, public policy, accountability or other purposes.

Internal Service Funds - used to account for the operations of State agencies which render services or provide goods to other State units on a cost-reimbursement basis.

Fiduciary Fund Types

Trust and Agency Funds - used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds, (d) investment trust funds and (e) agency funds.

Account Groups

General Fixed Assets Account Group - used to account for fixed assets of the State not accounted for in specific proprietary or trust funds.

General Long-term Debt Account Group - used to account for the unmatured general long-term liabilities of the State, except for debt accounted for directly in proprietary or trust funds.

University Funds

The University of Wisconsin System is comprised of 13 State-owned universities, 13 two-year colleges, the University of Wisconsin-Extension and the System Administration. The accounts of the University of Wisconsin System are maintained in accordance with the concept of fund accounting; resources are segregated for control purposes in discrete funds in accordance with specified activities or objectives. Separate accounts are maintained for each fund. Funds are classified into the five groups described below. Included in these funds are the accounts of the Wisconsin State Colleges Building Corporation. This corporation was established by the Wisconsin Legislature as a means for financing capital improvements at a time when the State Constitution prohibited the contracting on public debts. This corporation was empowered to borrow money to construct, equip and furnish buildings, structures, facilities and permanent improvements for the University of Wisconsin and the former State Universities. Upon debt retirement, the corporation deeds the property titles to the State.

Current Funds - are those resources which are available for current operating purposes. They are further designated as either "Unrestricted" or "Restricted." Unrestricted current funds consist of those funds over which the governing board retains full control for use in achieving its authorized institutional purposes. Restricted current funds are limited to specific purposes, programs or departments as specified in agreements with donors or agencies external to the University of Wisconsin System.

Loan Funds - consist of federal or institutional resources available for loans to students.

Endowment and Similar Funds - are funds with respect to which donors have stipulated as a condition of the gift, or management has determined, that the principal is to be maintained inviolate and invested for the purpose of producing income. Investment earnings on the principal amount are reported as endowment income in Current Funds and Loan Funds. Investment earnings

and gifts which the governing board, rather than a donor, has elected to retain and invest are transferred into the Endowment and Similar Funds group.

Plant Funds - are resources invested in and available for the acquisition of capital assets. Within the Plant Funds, separate fund balances are reported in three sub-groupings: accounts related to current capital projects; resources associated with the retirement of indebtedness; and the investment in plant, including land, buildings, equipment and library holdings.

Agency Funds - consist of deposits held by the University of Wisconsin System on behalf of student organizations, individual students or faculty members. University of Wisconsin System institutions act solely as an agent in handling these funds and transactions do not effect the operating statements.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases, i.e., revenues and other financing sources, and decreases, i.e., expenditures and other financing uses, in net available financial resources.

Proprietary funds, nonexpendable trust funds, pension trust funds, investment trust funds and discretely presented component units are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases, i.e., revenues, and decreases, i.e., expenses, in net total assets.

Governmental funds, expendable trust funds and agency funds are reported on the modified accrual basis of accounting. This basis of accounting recognizes revenues generally when they become measurable and available to pay current reporting period liabilities. Material revenue sources susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes, motor fuel taxes and federal revenues. Individual and corporate income taxes, sales taxes and other taxes received in July and August that relate to the prior fiscal year are accrued for that fiscal year ended June 30.

Expenditures and related liabilities are recognized when obligations are incurred as a result of the receipt of goods and services. Modifications include:

- Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments of principal and interest to be made early in the following year.

- Employes' vested annual leave, compensatory time, personal holiday hours, Saturday/legal hours and sick leave are recorded as expenditures when utilized. Accumulated annual leave, compensatory time, personal holiday hours and Saturday/legal time and the long-term portion of accumulated sick leave unpaid at June 30, 1999 have been reported in the General Long-term Debt Account Group. (See Note 1-Q to the financial statements.)

- Inventories are reported as expenditures when purchased. (See Note 1-I to the financial statements.)

Proprietary, nonexpendable trust, pension trust, and investment trust funds are reported on the accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

In reporting the financial activity of its proprietary funds, except for the State Life Insurance Fund, the State applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. The State Life Insurance Fund is reported as an insurance enterprise fund and, accordingly, applies the provisions of relevant pronouncements of FASB, including those issued after November 30, 1989.

The University of Wisconsin System's financial statements are reported on an accrual basis except that depreciation of the plant assets is not recorded. In addition, revenues and expenditures of an academic term that spans two fiscal years are reported totally within the fiscal year in which the program is predominantly conducted.

Component Units

The University of Wisconsin Hospitals and Clinics Authority (the Hospital) applies the provisions of the American Institute of Certified Public Accountants Audit and Accounting Guide, *Audits of Providers of Health Care Services*. In applying GAAP, the Hospital has elected to apply the provisions of relevant pronouncements of FASB issued after November 30, 1989.

E. Budgets

The State's biennial budget is prepared primarily on a mixture of cash and modified accrual bases of accounting and represents departmental appropriations based on agency requests reviewed by the Department of Administration, Division of Executive Budget and Finance, and recommended by the Governor. The Governor's budget is submitted to the State Legislature for approval. Following debate, amendment and approval by the Senate and Assembly, the budget bill is returned to the Governor for his signature or veto in entirety or in part.

The final budget is primarily a general purpose revenue and expenditure budget. General purpose revenues consist of general taxes and miscellaneous receipts which are paid into the General Fund, lose their identity, and are then available for appropriation by the Legislature. The remaining revenues consist of program revenues, which are credited by law to an appropriation to finance a specified program or State agency, and segregated revenues which are also paid into separate identifiable funds.

While State departments and agencies are required to submit estimates of expected revenues for program revenue and segregated revenue categories, these estimates are not formally incorporated into the adopted budget except for revenues of the Lottery Fund. As a result, legally budgeted revenues for these categories are not available and, consequently, actual amounts are reported in the budget column in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis).

Expenditure budgeting differs for the various types of appropriations. For most appropriations, budgeted expenditures equal the amount from the adopted budget plus any subsequent legislative or administrative revisions. However, for continuing program revenue and segregated revenue appropriations, the amounts in the adopted budget are only an estimate of probable expenditures for the year. State statutes limit actual expenditures to the amount of available revenues. Consequently, for these types of appropriations, reported budgeted expenditures equal the amount of revenues received during the year plus any balances carried forward from the previous year. While State statutes prohibit spending beyond budgetary authority, a provision is made to include the value of accounts receivable, inventories and work in process in identifying the available revenues. The State also utilizes nonbudget accounts for which no budget is established but expenditures may be incurred. As a result, actual expenditures may exceed budgeted amounts in certain categories.

Budgets are required by State law for the statutorily defined General Fund, and certain special revenue and trust funds. The budgetary basis of accounting required by State law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. In addition, the State's biennial budget is developed according to the statutory required fund structure which differs extensively from the fund structure used in the nonbudgetary financial statements. This difference is primarily caused by the elimination of the University of Wisconsin System, and various fiduciary, proprietary and other governmental fund category activity from the statutory General and Special Revenue funds. Consequently, a reconciliation between budgetary basis and GAAP basis is provided in Note 2 to the financial statements.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) reports expenditures by function for the General Fund and all budgeted special revenue funds. (The Employe Trust Funds Administration fund is extracted from a statutory unbudgeted fund type and consequently is not considered a special revenue fund under budgetary reporting.) While budgetary control for the reported funds is maintained at the appropriation level as specified by the Legislature in Chapter 20 of the Wisconsin Statutes, this level of detail is impractical for inclusion in the Comprehensive Annual Financial Report. Accordingly, a supplementary report is available upon request which provides budgetary comparisons at the legal level of control.

The Capital Projects funds and Debt Service funds are not included in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis). A comprehensive budget is not approved for the Capital Projects funds. Debt service expenditures reported in the Debt Service funds are budgeted through appropriations in the General Fund and the Special Revenue funds. The Operating Transfers In of $219.3 million reported in the Bond Security and Redemption Fund of the Debt Service funds primarily represent the appropriations from these other funds.

The legal level of budgetary control for Wisconsin is at the function, agency, program, appropriation-level. Expenditure control is monitored through the use of allotments. Allotments are required for all appropriations and are utilized to establish spending limits. The State Controller's Office reviews all expenditures to ensure compliance with these spending guidelines. Initial allotments are prepared by the Division of Executive Budget and Finance with input from State agencies. Supplemental appropriations require the approval of the Joint Finance Committee of the Legislature. Routine adjustments, such as pay plan supplements and rent increases, are distributed by the Division of Executive Budget and Finance from non-agency specific appropriations authorized by the Legislature. Various supplemental appropriations were approved during the year and have been incorporated into the budget figures.

Appropriation unexpended balances lapse at year end or forward to the subsequent fiscal year depending on the type of appropriation involved:

- *Continuing* - unexpended balances automatically forward to ensuing years until fully depleted or repealed by subsequent action of the Legislature.
- *Annual*:
  - *General Purpose Revenue* - unencumbered balances lapse at year end.
  - *Program Revenue* - unexpended balances may be forwarded to the next fiscal year.
- *Biennial* - unexpended balances or deficits automatically forward to the second year. At the end of the second year all unencumbered general purpose revenue balances lapse.
- *Sum sufficient* - moneys are appropriated and expended in the amounts necessary to accomplish the purpose specified.

Encumbrance accounting is utilized in the General, Special Revenue, Capital Projects, and Trust funds and the University of Wisconsin System. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances may be carried over to the next fiscal year as a revision to the budgetary appropriation with Department of Administration approval. Under budgetary reporting, encumbrances are treated like expenditures and are shown as a reduction of fund balance. Under GAAP reporting, encumbrances outstanding at year end for purchase orders and contracts expected to be honored in the following year are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

F. Cash and Cash Equivalents

Cash balances of most funds are deposited with the State Treasurer where the available balances beyond immediate needs are pooled in the State Investment Fund for short-term investment purposes. Balances pooled are restricted to legally stipulated investments valued consistent with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Cash balances not controlled by the State Treasurer may be invested where permitted by statute.

Cash and cash equivalents, reported on the balance sheet and statement of cash flows, include bank accounts, petty cash, cash in transit, short-term investments with an original maturity of three months or less such as certificates of deposit, money market certificates and repurchase agreements and individual funds' shares in the State Investment Fund.

G. Investments

Primary Government

The State may invest in direct obligations of the United States and Canada, securities guaranteed by the United States, certificates of deposit issued by banks in the United States and solvent financial institutions in the State, commercial paper and nonsecured corporate notes and bonds, bankers acceptances, participation agreements, privately placed bonds and mortgages, common and preferred stock and other securities approved by applicable sections of the Wisconsin Statutes, bond resolutions, and various trust indentures (see Note 3 to the financial statements).

Generally, investments of the primary government are reported at fair value consistent with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Typically, fair value information is determined using quoted market prices. However, when quoted market prices are not available for certain securities, fair values are estimated through techniques such as discounted future cash flows, matrix pricing and the Black-Scholes model.

There are a certain number of securities carried at cost. Certain non-public or closely held stock are carried at cost since no independent quotation is available to price these securities. Further, certain investment agreements are reported on a cost basis because the State cannot readily determine whether these agreements meet the definition of interest-earning investment contracts as defined by GASB Statement No. 31. However, the impact on the financial statements is immaterial.

Component Units

Investments of the Wisconsin Housing and Economic Development Authority (the Authority) are reported at fair value based on quoted market prices. Collateralized and uncollateralized investment agreements are not transferable and are considered nonparticipating contracts. As such, both types of investment agreements are reported at contract value.

Investments of the University of Wisconsin Hospitals and Clinics Authority (the Hospital) in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value.

Certain investments of the Wisconsin Health Care Liability Insurance Plan are reported on a cost basis; however, the impact on the financial statements is not material.

H. Interfund Assets/Liabilities

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balance sheet classifies these receivables and payables as "Due from Other Funds" or "Due to Other Funds." Short-term interfund loans are classified as "Interfund Loans Receivable" or "Interfund Loans Payable." Long-term interfund loans are classified as "Advances to Other Funds" and "Advances from Other Funds."

Transactions that occur between the primary government and component units are classified as “Due to/from Primary Government” and, correspondingly, “Due to/from Component Units”.

I. Inventories and Prepaid Items

Inventories of governmental and proprietary funds are valued at cost, which approximates market, using the first-in/first-out or weighted-average method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Inventories of the University of Wisconsin System held by central stores are valued at average cost, fuels are valued at market, and other inventories held by individual institutional cost centers are valued using a variety of cost flow assumptions that, for each type of inventory, are consistently applied from year to year.

In addition to inventories reported in the accompanying financial statements, the State had food commodities inventories valued at $1.9 million at June 30, 1999.

Prepaid items reflect payments for costs applicable to future accounting periods.

The fund balances of governmental fund types and expendable trust funds are reserved for inventories and prepaid items, except in cases where prepaid items are offset by deferred revenues, to indicate that these accounts do not represent expendable available financial resources.

J. Fixed Assets

General fixed assets are recorded as expenditures in the governmental funds and capitalized in the General Fixed Assets Account Group and are valued at cost or estimated historical cost if historical cost is not practicably determinable. Donated fixed assets are recorded at their fair value at the time received. Of the $1,649.5 million total fixed assets at June 30, 1999, 60 percent were valued using historical cost and 40 percent were valued using estimated historical cost. Public domain (infrastructure) fixed assets such as highways, bridges and rights of way are not capitalized. In addition, interest is not capitalized on constructed general fixed assets. General fixed assets are not depreciated.

Proprietary and similar trust fund fixed assets are valued at cost or estimated historical cost if cost is not practicably determinable. Donated fixed assets are valued at their fair value at the time received. In accordance with Financial Accounting Standards Board (FASB) Statement No. 62, the State has adopted the policy of capitalizing net interest costs on funds borrowed to finance the construction of fixed assets, where appropriate.

Straight-line depreciation is taken on fund fixed assets with the following estimated useful lives:

Buildings and improvements	6 - 45 years
Equipment, machinery and furnishings	2 - 40 years

Fixed assets of the University of Wisconsin System are reported at cost at date of acquisition. Donated fixed assets are reported at fair value at the time received. Fixed assets of the University of Wisconsin System are not depreciated.

Property, plant and equipment of the University of Wisconsin Hospitals and Clinics Authority (a discretely presented component unit) are stated at cost. Donated assets are recorded at fair market value at the date of donation. Straight-line depreciation is taken over the estimated useful lives of the assets.

K. Mortgage and Other Loans

Mortgage loans of the Wisconsin Housing and Economic Development Authority, a component unit, are carried at their unpaid principal balance, less allowance for possible loan losses. Loan origination fees and associated costs are deferred and recognized as income or expenses over the life of the loan using the effective interest method.

Mortgage loans of the Veterans Mortgage Loan Repayment Bonds and the Veterans Trust Fund programs, enterprise funds, are stated at the outstanding loan balance with origination fees and associated costs deferred and recognized over a fifteen year period using the straight-line method.

L. Support Collection Trust Fund Receivables

The Support Collection Trust Fund, an agency fund, accounts for the receipt and disbursement of all court-ordered support, including child support, spousal support and medical support liability. Due to the uncertainty in determining the amount that will ultimately be collected on behalf of others, the accounts receivable reported for this fund do not include amounts for support in arrears.

M. Deferred Charges

The most significant deferred charges are debt issuance costs. Significant deferred charges for the State include:

Debt issuance costs of the Wisconsin Housing and Economic Development Authority, a component unit, are amortized ratably over the life of the obligations to which they relate.

Issuance costs relating to revenue obligations of the Environmental Improvement Fund, an enterprise fund, were capitalized and are being amortized using the effective interest rate method.

Issuance costs relating to general obligation bonds of the Veterans Mortgage Loan Repayment Fund, an enterprise fund, are amortized ratably over the life of the obligations to which they relate. Results from the use of this method do not vary materially from those that would be obtained by use of the effective interest rate method.

The University of Wisconsin System's debt issuance costs are amortized ratably over the life of the obligations to which they relate. Results from the use of this method do not vary materially from those that would be obtained by use of the effective interest method.

N. Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenues arise when resources are received by the State before it has a legal claim to them, as when grant moneys are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the State has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized. Revenues are also deferred in governmental funds and expendable trust funds for amounts that are not yet available to pay current reporting period liabilities.

The majority of the $625.2 million deferred revenues presented in the accompanying financial statements consists of $468.8 million reported within the General Fund. This amount includes $288.5 million relating to tax revenues received in advance of the year in which earned.

Deferred revenues of the University of Wisconsin System consist of payments received but not earned at June 30, 1999, primarily for summer session tuition, tuition and room deposits for the next fall term, and advance ticket sales for upcoming intercollegiate athletic events.

O. Fund Equity Reserves

Reservations of fund balance represent amounts that are not appropriable for expenditures or that are legally segregated for a specific purpose. Reservations of retained earnings reflect legal restrictions on the use of assets. Details related to the make-up of reserved fund balances and retained earnings are reported in Note 13.

P. Local Assistance Aids

Municipal and County Shared Revenue Program

Through the Municipal and County Shared Revenue Program, the State distributes general revenues collected from general State tax sources to municipal and county governments to be used for providing local government services. State statutes require that payment to local governments be made during July and November.

At June 30, 1999, the State was liable to various local governments for unpaid shared revenue aid. To measure the amount of the program allocable to the State's fiscal year, the amount is prorated over portions of recipient local governments' calendar fiscal years which are within the State's fiscal year. The result is that a liability of $504.3 million representing one-half of the total appropriated amount is reported at June 30, 1999 as Due To Other Governments.

State Property Tax Credit Program

At June 30, 1999, the State was liable to various taxing jurisdictions for property tax credits paid through the State Property Tax Credit Program. Under the program, payments to local taxing jurisdictions provide property tax relief directly to taxpayers in the form of State credits on individual property tax bills. State statutes require that payment to local taxing jurisdictions be made during July. Although the property tax credit is calculated on the property tax levy for school purposes, the State's July payment is paid to an administering municipality who treats the payment the same as other tax collections and distributes the collections to the various tax levying jurisdictions (e.g., cities; towns; villages; school districts; technical colleges).

The school portion of the property tax credit liability represents the amount of the July payment earned over the school districts' previous fiscal year ended June 30. Since the entire school districts' portion of the July payment occurs within the State's fiscal year, 100 percent of the July payment relating to the school taxing jurisdictions' levy is reported as a liability at June 30, 1999.

The general government portion of the property tax credit liability represents the amount of the July payment prorated over the portion of the local governments' calendar year which is within the State's fiscal year. The result is that 50 percent of the July

payment based on the general government taxing jurisdictions' levy is reported as a liability at June 30, 1999.

The aggregated State Property Tax Credit Program liability of $358.0 million is reported in the General Fund as Due to Other Governments.

Lottery Property Tax Credit Program

The Lottery Property Tax Credit provides direct property tax relief to taxpayers in the form of State Credits on property tax bills. Under the program, owners of property used as a primary residence receive a tax credit equal to the school property tax on a portion of the dwelling's value.

The State pays municipal treasurers for lottery credits who distribute the moneys to the various taxing jurisdictions. For credits reducing the calendar year 1999 property tax bills, the State made this payment in March 1999.

The Lottery Tax Credit Program is accounted for in the Lottery Fund, an enterprise fund, that records revenues and expenses on the accrual basis. A portion of the State's March payment distributed to the general government taxing jurisdictions applies to their fiscal year which ends on December 31. Therefore, part of the March distribution represents an expense of the State in Fiscal Year 1999, while the remaining portion represents a prepaid item. The resulting Prepaid Item reported within the Lottery Fund totals $34.0 million at June 30, 1999.

Q. Compensated Absences

Consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences,* an accrual for certain salary-related payments associated with annual leave and an accrual for sick leave is included in the compensated absences liability at year end.

Annual Leave

Full-time employes' annual leave days are credited on January 1 of each calendar year at a minimum of 10 days per year. There is no requirement to use annual leave. However, unused leave is lost unless approval to carry over the unused portion is obtained from the employing agency. Compensatory time accumulates for eligible employes for hours worked in excess of forty hours per week. Each full-time employe is eligible for three and one-half personal holidays each calendar year, provided the employe is in pay status for at least one day in the year. If a holiday occurs on a Saturday, employes receive leave time proportional to their working status to use at their discretion.

The State's compensated absence liability at June 30 consists of accumulated unpaid annual leave, compensatory time, personal holiday hours, and Saturday/legal hours earned and vested during January through June. The liability is reported in the General Long-term Debt Account Group for all governmental fund types and similar trust funds. These unpaid amounts will be paid from expendable resources provided for in the budget of future years. In the proprietary fund types and similar trust funds, component units, and the University of Wisconsin System, the obligation is reported as a fund liability.

Sick Leave

Full-time employes earn sick leave at a rate of five hours per pay period. Unused sick leave is accumulated from year to year without limit until termination or retirement. Accumulated sick leave is not paid. However, at employe retirement the accumulated sick leave may be converted to pay for the retiree's health insurance premiums. The State accumulates resources to pay for the expected health insurance premiums of retired employes. That portion of the total health insurance obligation for which the State has already accumulated resources is presented in the Accumulated Sick Leave Fund, an expendable trust fund, while the remaining portion is reported in the General Long-term Debt Account Group.

R. Restricted and Limited Use Assets

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions, and donor specifications have been reported as Restricted and Limited Use Assets. These assets are classified into two categories: Cash and Cash Equivalents, and Investments.

S. Self-Insurance

Consistent with the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* the State's risk management activities are reported in an internal service fund, and the claims liabilities associated with that fund are reported therein.

The State's policy is generally not to purchase commercial insurance for the risk of losses to which it is exposed. Instead, State management believes it is more economical to manage its own risks internally. The Risk Management Fund, an internal service fund, is used to pay for losses incurred by any State agency and for administrative costs incurred to manage a state-wide risk management program. These losses include damage to property owned by the agencies, personal injury or property damage liabilities incurred by a State officer, agent or employe, and worker's compensation costs for State employes. A limited amount of insurance is purchased to limit the exposure to catastrophic losses. Annually, a charge is allocated to each agency for its proportionate share of the estimated cost attributable to the program per Wis. Stat. Sec. 16.865(8).

T. Forestation State Tax

The State levies an annual tax of two-tenths of one mill for each dollar of the assessed valuation of the property in the State, as described in Wis. Stat. Sec. 70.58. This tax is levied for the purpose of acquiring, preserving and developing the forests of the state; for forest crop law and county forest law administration and aid payments; and for the acquisition, purchase and development of forests. The proceeds of the tax are paid to the Conservation Fund.

This tax, the only property tax levied by the State, is levied to each county on or before the fourth Monday in August of each year on assessed valuation as of January 1 of that year. The tax is due and payable January 31 or on the due dates established through an installment option permitted under Wis. Stat. Sec. 74.12.

Effective July 1, 1997, the State early implemented the provisions of the Governmental Accounting Standards Board (GASB) Interpretation No. 5, *Property Tax Revenue Recognition in Governmental Funds.* As a result, collections received July 1 through August 31 which were due but unpaid at June 30 are accrued.

U. Total Columns - Memorandum Only

Total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2. BUDGETARY-GAAP REPORTING RECONCILIATION

The accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds presents comparisons of the legally adopted budget (more fully described in Note 1-E to the financial statements) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of basis, timing, perspective and entity differences in the fund balance as of June 30, 1999 is presented below (in thousands):

	General	Special Revenue
Fund balance June 30, 1999 (budgetary basis – budgetary fund structure) as reported on budget to actual combined statement	$ 749,282	$ (206,597)
Reclassifications:		
To eliminate outstanding encumbrances from expenditures	326,744	801,318
To include non-budgeted funds		1,515
To reclassify activities reported in another GAAP fund type	(235,161)	2,694
Fund balance June 30, 1999 (GAAP fund structure – budgetary basis, excluding encumbrances outstanding at year end)	840,864	598,930
Adjustments:		
To adjust expenditures for the municipal and county shared revenue program	(504,309)	
To adjust expenditures for State property tax credit program	(357,655)	
To accrue receivables and establish payables for individual income taxes (net)	(332,724)	
To defer revenues for gross receipts public utility taxes	(258,150)	
To adjust revenues and expenditures for tax-related items and other tax credit/aid programs (net)	(222,217)	(3,046)
To adjust expenditures for petroleum environmental cleanup claims		(240,991)
To accrue unpaid Medicaid claims (net of receivable from federal government)	(69,203)	
To adjust expenditures/revenues for certain major health and family services accruals and deferrals (net)	18,329	
To adjust revenues and expenditures for other items (net)	(23,650)	(12,795)
Fund balance June 30, 1999 (GAAP basis)	$ (908,714)	$ 342,099

NOTE 3. DEPOSITS AND INVESTMENTS

The State maintains a short-term investment "pool", the State Investment Fund, for the State, its agencies and departments, and certain other public institutions which elect to participate. The investment "pool" is managed by the State of Wisconsin Investment Board (the Board) which is further authorized to carry out investment activities for certain enterprise, trust and agency funds. A small number of State agencies and the University of Wisconsin System also carry out investment activities separate from the Board. Disclosures of the State's investment activities are presented in the following categories: State Investment Fund, Other Funds Managed by the Board, Other State Agencies and Funds, the University of Wisconsin System, and Component Units.

A. Deposits

Primary Government

Deposits include cash and cash equivalents on deposit in banks or other financial institutions, and nonnegotiable certificates of deposit. The majority of the State's deposits are under the control of the State Treasurer. The State Treasurer maintains multiple accounts with an agreement with the bank that allows an overdraft in one account if the overdraft is offset by balances in other accounts.

The State's insured deposits are covered by the Federal Deposit Insurance Corporation (FDIC) and an appropriation for losses on public deposits. The State, as required by Wis. Stat. Sec. 34.08, is to make payments to public depositors for proofs of loss up to $400 thousand per depositor above the amount of federal insurance. Payments are made, until the funds available in the appropriation are exhausted, in the order in which satisfactory proofs of loss are received by the State's Department of Financial Institutions.

At June 30, 1999, the carrying amount of the primary government deposits was $(59.1) million and the bank balance was $381.4 million. Of the bank amount, excluding a bank overdraft of $.4 million in four bank accounts that are covered by compensating balances in other accounts,

- $10.3 million was covered by federal depository insurance, the State Public Deposit Guarantee Fund or collateralized with securities held by the State or its agent in the State's name, and
- $371.5 million was uncollateralized and uninsured.

The State's unemployment compensation program had $1,718.6 million on deposit with the U.S. Treasury. This amount is presented as Cash and Cash Equivalents and is not included in the carrying amount of deposits nor is it categorized according to risk because it is neither a deposit with a financial institution nor an investment.

Petty cash and contingent accounts authorized under Wis. Stat. Sec 20.920, which are held by agencies and reported as "Cash and Cash Equivalents in the amount of $180 thousand, are not included in the carrying amount nor bank balance of deposits in this note because these are neither deposits nor investments.

Component Units

At June 30, 1999, the carrying amount of the component units' deposits was $33.2 million and the bank balance was $32.8 million. Of the bank amount, excluding a bank overdraft of $.2 million, $1.1 million was covered by federal depository insurance, the State Public Deposit Guarantee Fund or collateralized with securities held by the State or its agent in the State's name and $32.0 million was uncollateralized and uninsured.

B. Investments

Primary Government

State Investment Fund

This fund functions as the State's cash management fund by "pooling" the idle cash balances of all State funds and other public institutions. In the State's Comprehensive Annual Financial Report, the State Investment Fund is not reported as a separate fund; rather, each State fund's share in the "pool" is reported on the balance sheet as "Cash and Cash Equivalents." Shares of the fund belonging to other participating public institutions are presented in the Local Government Pooled Investment Fund, an investment trust fund.

Wis. Stat. Secs. 25.17(3)(b), (ba) and (bd) enumerate the various types of securities in which the State Investment Fund can invest, which include direct obligations of the United States and Canada, securities guaranteed by the United States, securities of federally chartered corporations such as the African Development Bank, unsecured notes of financial and industrial issuers, Yankee/Euro dollar issues, certificates of deposit issued by banks in the United States and solvent financial institutions in this State, and bankers acceptances. Other prudent investments may be approved by the State of Wisconsin Investment Board's Board of Trustees. The Board of Trustees has given standing authority to the Board to invest in resale agreements, financial futures contracts, options and interest rate swaps.

Valuation of Securities

Investments are valued at fair value for financial statement purposes and amortized cost for purposes of calculating income to participants. The custodial bank has compiled fair value information for all securities by utilizing third party pricing services. Government and agency securities and commercial paper are priced using matrix pricing. This method estimates a security's fair value by using quoted market prices for securities with similar interest rates, maturities, and credit ratings. Repurchase agreements and certificates of deposit are valued at cost because they are nonparticipating contracts that do not capture interest rate changes in their value. Swaps are valued at the net present value of estimated expected future cash flows using discount rates commensurate with the risk involved. In addition, two bonds issued by other state agencies having a combined par value of $5.9 million are valued at par, which management believes approximates fair value. The fair value of investments is determined at the end of each month.

Pool Earnings and Pool Shares

For purposes of calculating earnings to each participant, all investments are valued at amortized cost. Specifically, income is distributed to pool participants monthly based on their average daily share balance. Distributed income includes realized investment gains and losses calculated on an amortized cost basis, interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, and investment and administrative expenses. This method differs from the fair value method used to value investments because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool's investments.

Derivative Financial Instruments

As of June 30, 1999, the only derivative financial instruments held by the State Investment Fund were restructured interest rate swaps. Each swap transaction involves the exchange of interest rate payment obligations without the exchange of underlying principal amounts. The notional amounts used to express the volume of these transactions do not represent the amounts subject to risk, but represent the amount on which both parties calculate interest rate obligations. The settlement of the interest rate exchange occurs at predetermined dates, with the net difference between the interest paid and interest received reflected as an increase in income. Entering into interest rate swap agreements subjects the investor to the possibility of financial loss in the event of adverse changes in market rates or nonperformance by the counterparty to the swap agreement. Selecting creditworthy counterparties mitigates credit risks arising from derivative transactions.

Restructured Investments - During fiscal year 1995, the State of Wisconsin Investment Board became aware of the existence of market exposure in certain swap agreements and structured bonds which could impair the earnings of the fund.

The State of Wisconsin Investment Board entered into agreements with two counterparties which resulted in the counterparties' assumption of all future market risk associated with ten swap agreements and two structured bonds. At the time of the agreement the counterparties assigned a market value to these investments of negative $95.3 million. Within this restructuring, one swap agreement requires periodic payments over a period of ten years, while the other agreement requires periodic payment of the loss over a period of five years. Interest costs associated with the periodic payment of the loss over time is estimated to be $24.8 million. Future period earnings will be charged as payments are made.

As of June 30, 1999, the market value of the restructured investments was negative $33.4 million while the amortized deferred loss was negative $34.6 million.

The State of Wisconsin Investment Board has suspended the use of nonrisk reducing derivatives in the fund and investment guidelines prohibiting the use of such instruments were adopted by the Board on November 2, 1995.

Deposits

The State Investment Fund holds certificates of deposit at various Wisconsin banks as part of the Wisconsin Certificate of Deposit Program implemented in July 1987. As of June 30, 1999, the fair value of these certificates of deposit was $292.2 million.

Approximately $285.6 million are Category 1 risk level deposits which are insured by the FDIC, the Wisconsin State Deposit Guarantee Fund and Financial Securities Assurance Corporation insurance. The remaining $6.6 million are considered Category 3 uncollateralized deposits.

Investments

The following table presents investments held by the State Investment Fund categorized in accordance with GASB Statement No. 3 requirements to indicate the level of risk assumed by the fund at year-end:

- Category 1 are those investments which are insured or registered, or securities which are held by the State Investment Fund in this fund's name or its agent in the name of this Fund.
- Category 2 are those investments which are uninsured and unregistered, with the securities held by the counterparty's trust department or agent in the State Investment Fund's name.
- Category 3 are those investments which are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the State Investment Fund's name.

At June 30, 1999, the State Investment Fund's investments are as follows (in millions):

	Category			Fair
	1	2	3	Value
U.S. government and agency holdings	$ 5,049.6	--	--	$ 5,049.6
Repurchase agreements	794.1	--	--	794.1
Commercial paper	350.0	--	--	350.0
Asset backed securities	32.9	--	--	32.9
Mortgage backed securities	4.0	--	--	4.0
Certificates of Deposit	25.0	--	--	25.0
	$ 6,255.6	--	--	6,255.6
Swaps				(41.9)
				$ 6,213.7

Copies of the separately issued financial report that includes financial statements and other supplementary information for the State Investment Fund may be obtained by writing to:

State of Wisconsin Investment Board
PO Box 7842
Madison, WI 53707-7842

Other Funds Managed by the Board

Other investments under exclusive control of the Board which are not held in the cash management pool include those held by certain proprietary, trust and agency funds. A discussion of these investment activities follows:

Pension Trust Fund – This trust is a pooled fund consisting of retirement contributions made by and on behalf of participants in the Wisconsin Retirement System (WRS) (see Note 16 to the financial statements). At June 30, 1999, the Pension Trust Fund held $56,302.4 million of investments consisting of bonds, stocks, limited partnerships, real estate, mortgages and other investments valued at fair value in accordance with Wis. Stat. Sec. 25.17(14). Further, the Pension Trust Fund held $649.6 million of investments, which are included in the fund's $1.0 billion of cash and cash equivalents.

In addition, $3,918.0 million of securities lending transactions were held at June 30, 1999. These transactions are categorized consistent with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*.

Local Government Property Insurance, State Life Insurance, and Patients Compensation Funds - At June 30, 1999, investments were $16.0 million for the Local Government Property Insurance Fund, $61.6 million for the State Life Insurance Fund, and $485.5 million for the Patients Compensation Fund, consisting of bonds and mortgages.

Historical Society Nonexpendable Trust Fund - At June 30, 1999, investments of $11.3 million consisted of bonds and stocks.

Tuition Trust Fund – At June 30, 1999, investments of $2.9 million consisted of bonds.

The following table presents investments of these funds at June 30, 1999, categorized in accordance with the requirements of GASB Statement No. 3.

At June 30, 1999, the investments of the Other Funds Managed by the Board consisted of (in millions):

	Category			Fair
	1	2	3	Value
Bonds	$ 10,736.9	$ --	$ --	$ 10,736.9
Stocks	18,039.7	7.3	--	18,047.0
Repurchase Agreements	659.8	--	--	659.8
Bankers Acceptances	221.7	--	--	221.7
	$ 29,658.1	$ 7.3	$ --	29,665.4
Options				69.5
Private Placements				3,142.8
Limited Partnerships				2,265.0
Pooled Equity Funds				16,968.1
Pooled Bond Funds				3,815.3
Mortgages				87.0
Real Estate				503.4
International				651.8
Investments Held by Broker Dealers Under Securities Loans:				
Bonds				2,374.9
Equities				1,434.8
Securities Lending Cash Collateral Pooled Investments				492.8
Financial Futures				.1
				$ 61,470.9

Securities Lending Transactions – State statutes and State of Wisconsin Investment Board policies permit the use of investments to enter into securities lending transactions. These transactions involve the lending of securities to broker-dealers and other entities for collateral, in the form of cash or securities, with the simultaneous agreement to return the collateral for the same securities in the future. The securities custodian is an agent in lending the domestic and international securities for collateral of 102 percent and 105 percent, respectively, of the loaned securities' market value. The cash collateral is reinvested

by the lending agent in accordance with contractual investment guidelines which are designed to insure the safety of principal and obtain a moderate rate of return. The investment guidelines include very high credit quality standards and also allow for a portion of the collateral investments to be invested with short-term securities. The earnings generated from the collateral investments, less the amount of rebates paid to the dealers, results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

Securities on loan at June 30, 1999 are presented in the preceding schedule of custodial risk.

At year end, no credit risk exposure to borrowers existed because the amounts owed the borrowers exceeded the amounts the borrowers owed. The contract with the lending agent requires them to indemnify if the borrowers fail to return the loaned securities (and the collateral is inadequate to replace the securities lent).

The majority of securities loans can be terminated on demand, although the average term of the loans is approximately one week. The term to maturity of the securities loans is matched with the term to maturity of the investments of the cash collateral by investing in a variety of short term investments with a weighted average maturity of 10 days.

The ability to pledge or sell collateral securities cannot be made without a borrower default. In addition, no restrictions on the amount of the loans exist or can be made.

Derivative Financial Instruments

As of June 30, 1999, the State of Wisconsin Investment Board (SWIB) utilized various derivative financial instruments, including forward contracts, and options in the pension trust fund. All financial derivative instruments are reported at fair value, regardless of whether the instruments are held for trading or nontrading purposes. The instruments are marked to market monthly, with valuation changes recognized in income.

Foreign Currency Forwards and Options - The State of Wisconsin Investment Board's derivative trading activities primarily involve foreign currency forward contracts and options. Generally, foreign currency forwards and options are held to hedge foreign exchange risk. Market risk is generally controlled by holding substantially offsetting purchase and sell positions. At June 30, 1999 the fair value of foreign currency forward contracts assets totaled $3.2 billion, while the liabilities totaled $3.1 billion.

Forward commitments represent obligations to purchase or sell foreign currencies, with the seller agreeing to make delivery at a specified future date and a specified price. Options on foreign currencies provide the holder the right, but not the obligation, to purchase or sell foreign currencies on a certain date at a specified price. The seller (writer) of an option contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid.

As of June 30, 1999, one foreign currency call option was held to provide the pension trust fund enhanced earnings in the event of certain foreign currency fluctuations. There is no market risk associated with owning these instruments beyond the initial cost of their purchase.

Other Options - Other options also are held for trading purposes. These option contracts give the purchaser of the contract the right to buy (call) or sell (put) the equity security or index underlying the contract at an agreed upon price (strike price) during or at the conclusion of a specified period of time. The seller (writer) of the contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid.

Futures Contracts – One of the outside investment managers uses futures contracts to manage exposure to the stock market. Upon entering into a futures contract, the outside manager is required to deposit with the broker, in SWIB's name, an amount of U.S. government obligations in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily with gains and losses being recognized. The variation margin is settled daily until the contracts expire or are closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation. Losses may arise from the changes in the value of the underlying instrument, illiquidity in the secondary market for the contracts, or if the counterparties do not perform under the terms of the contract. Futures contracts are valued each day at the settlement price established by the board of trade or exchange on which they are traded.

Unfunded Capital Commitments

Partnership agreements generally set a limit on the total dollar amount that limited partners must commit to funding when entering the partnership. Over the life of the partnership, the general partner will request capital contributions totaling the agreed upon limit. As of June 30, 1999, unfunded capital commitments totaled $1.2 billion.

Other State Agencies and Funds

The following funds also make investments following pertinent State statutes and policy provisions as set out by the appropriate governing boards or bond resolutions:

Lottery Fund - Investments are all in the form of U.S. Treasury zero coupon bonds. At June 30, 1999 investments of $261.1 million which meet Category 1 risk criteria were held.

Transportation Revenue Bond Funds - At June 30, 1999, the Transportation Revenue Bond Capital Projects Fund and the Transportation Revenue Bond Debt Service Fund had investments totaling $73.2 million which meet Category 1 risk criteria.

Repurchase agreements with the program's financial institution requires the institution to take possession of collateral having a market value of at least 102 percent of the cost of the repurchase agreement.

Environmental Improvement Fund - The fund's aggregate investments at June 30, 1999, were $149.4 million, of which $35.7 million are reported as cash equivalents consisting of a repurchase agreement which is a Category 2 level of risk. Investments of $113.7 million consist of government and agency holdings and satisfy Category 1 risk criteria.

The Wisconsin Public Broadcasting Foundation Fund - The fund's investments at June 30, 1999 were $5.3 million, which consists of $3.9 million of money market funds and $1.4 million of mutual funds and money market funds which are reported as cash equivalents.

Inmate and Resident Fund – At June 30, 1999, investments totaling $.1 million meeting risk Category No. 3 were held.

At June 30, 1999, the State has approximately $241.0 million of securities which it holds for banks and insurance companies. These assets are held for the period of time specified by statute and then returned to their owner. The assets are presented in the *Bank and Insurance Company Deposits Fund* as "Other Assets". All investments meet risk Category 1.

Unclaimed property, usually in the form of stocks, bank accounts, insurance proceeds, utility deposits and uncashed checks, are transferred periodically to the *Unclaimed Property Program Fund*. The $9.7 million securities, presented as "Other Assets" on the financial statements, include $8.1 million of various investments which meet risk Category 1 and $1.6 million of mutual funds which meet Category 1.

The State's Section 457 *Deferred Compensation Plan Fund* investments, totaling $1,051.2 million at June 30, 1999, are in the form of equity securities, bonds, insured savings accounts and investment contracts with insurance companies.

The following table presents investments of the Other State Agencies and Funds at June 30, 1999, categorized in accordance with the requirements of GASB Statement No. 3.

At June 30, 1999, the Other State Agencies and Funds' investments consisted of (in millions):

	Category 1	Category 2	Category 3	Reported Amount	Fair Value
Government and agency holdings	$ 579.1	$ --	$ .1	$ 579.2	$ 583.0
Municipal bonds	43.1	--	--	43.1	43.1
Commercial paper and nonsecured corporate notes and bonds	8.1	--	--	8.1	8.1
Repurchase agreements	--	35.7	--	35.7	35.7
Negotiable certificates of deposit	3.2	--	--	3.2	3.2
Investment contracts	.1	--	63.6	63.7	63.7
	$ 633.6	$ 35.7	$ 63.7	733.0	736.8
Mutual Funds				1.8	1.8
Money market funds				5.1	5.1
Deferred compensation investments				1,051.2	1,051.2
				$ 1,791.1	$ 1,794.9

University of Wisconsin System

The University of Wisconsin System had investments as of June 30, 1999 with a reported fair value of $301.2 million, primarily assets of Endowment and Similar Funds ($290.3 million) with most of the remainder the property of Current Restricted Funds. Investments, which are Category 1 Risk level, except for $32.6 million invested in unit trusts that is uncategorized, were comprised of the following:

	Book	Fair
Common and preferred stock	59.6%	65.5%
Bonds, notes and debentures	40.4	34.5
Total investments	100.0%	100.0%

Component Units

Wisconsin Housing and Economic Development Authority (Authority) - The Authority is required by statute to invest at least 50 percent of its General Fund funds in obligations of the State, of the United States, or of agencies or instrumentalities of the United States, or obligations the principal and interest of which are guaranteed by the United States, or agencies or instrumentalities of the United States. Each bond resolution specifies what constitutes a permitted investment and such investments may include obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper; bankers acceptances; and repurchase agreements and investment agreements.

The Authority's aggregate investments at June 30, 1999, were $701.7 million of which $375.7 million are reported as cash equivalents consisting of repurchase agreements, commercial paper, money market funds, and short-term investment agreements. The Authority's investments except for uncollateralized investment agreements of $99.0 million are a Category 1 level of risk. The Authority's investments in uncollateralized investment agreements are a Category 3 level of risk.

The Authority enters into collateralized investment contracts with various financial institutions. The investment contracts are generally collateralized by obligations of the United States government.

The Authority is also authorized to invest its funds in the State Investment Fund. The Authority has established a Master Repurchase Agreement with its banking institutions to govern the purchase of repurchase agreements. This agreement requires the institution to take possession of collateral having a market value of at least 103 percent of the cost of the repurchase agreement. The underlying collateral must be maintained at this level at all times.

Wisconsin Health Care Liability Insurance Plan - The investments of the Wisconsin Health Care Liability Insurance Plan at December 31, 1999 were $147.4 million, of which $15.5 million are reported as cash equivalents. All investments meet the Category 2 risk level.

University of Wisconsin Hospitals and Clinics Authority – The University of Wisconsin Hospitals and Clinics Authority (the Hospital) aggregate investments of $131.1 million consist of $95.9 million of restricted and limited use investments and $35.2 million of unrestricted investments. All investments, excluding guaranteed investment contracts, money market funds and international equities are Category 2 level of risk.

Restricted and limited investments consisting of stocks, bonds, international equities and guaranteed investment contracts are limited or restricted by one of the following: a trustee under a bond indenture agreement, the Board for capital replacement and debt retirement, or donors. Unrestricted investments consist of stocks, bonds, international equities and other securities.

The guaranteed investment contracts, which are held with a financial institution in accordance with provisions of a bond indenture, matures in December, 2000 and guarantees a rate of return of 1.88 percent above the interest expense on the Hospital's Series 1997 Bonds. The guaranteed investment contract is recorded at original cost plus accrued earnings which approximates fair value.

The following table presents investments of component units at December 31, 1998 or June 30, 1999, categorized in accordance with the requirements of GASB Statement No. 3.

At December 31, 1998 or June 30, 1999, the component units' investments consisted of (in millions):

	Category			Reported	Fair
	1	2	3	Amount	Value
Bonds	$ 49.9	$ 151.9	$ --	$ 201.8	$ 207.6
Stocks	--	33.0	--	33.0	33.0
Negotiable certificates of deposit	4.7	--	--	4.7	4.7
Uncollateralized investment agreements	--	--	99.0	99.0	99.0
Mortgage-backed securities	--	60.1	--	60.1	60.1
Collateralized investment contracts	172.4	--	--	172.4	172.4
	$ 227.0	$ 245.0	$ 99.0	571.0	576.8
Money market funds				366.5	366.5
Guaranteed investment contracts				38.0	38.1
International equities				4.7	4.7
				$ 980.2	$ 986.1

The following schedule summarizes investments presented in the above note discussions (in millions):

Other Funds Managed by the Board	$ 61,470.9
Other State Agencies and Funds	1,791.1
University of Wisconsin System	301.2
Component Units	980.2
Total Investments	$ 64,543.4

C. Lottery Investments and Related Future Prize Obligations

Investments of the State Lottery Fund totaling $261.1 million are held to finance grand prizes payable over a 20-year or 25-year period. The investments in prize annuities are debt obligations of the U.S. government and backed by its full faith and credit as to both principal and interest. Liabilities related to the future prize obligations are presented at their present value and included as Accounts Payable and Other Accrued Liabilities. The following is a schedule of future prize obligations (in thousands):

Fiscal Year	Amount
2000	$ 26,025
2001	26,215
2002	26,412
2003	26,616
2004	26,828
Thereafter	292,877
Total future value	424,973
Less: Present value adjustment	(172,279)
Present value of payments	$ 252,694

NOTE 4. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year (in thousands).

	Balance July 1, 1998	Additions	Retirements	Completed Construction	Transfers to/from Other Funds	Balance June 30, 1999
Land	$ 362,483	$ 12,591	$ (1,095)	$ 4,283	$ --	$ 378,262
Buildings and improvements	690,610	11,426	(22,564)	65,435	2,203	747,109
Machinery and equipment	407,380	43,810	(68,350)	2,164	--	385,003
Construction in progress	140,035	73,196	--	(71,882)	(2,203)	139,146
Total general fixed assets	$ 1,600,507	$ 141,023	$ (92,008)	$ 0	$ 0	$ 1,649,521

Construction in progress reported in the General Fixed Asset Account Group at June 30, 1999 included the following projects (in thousands):

	Allotments	Expended to June 30, 1999	Encumbrances Outstanding	Unencumbered Allotment Balance
Waupun Housing/Freezer/Locks	$ 20,487	$ 18,940	$ 1,324	$ 223
Milwaukee Probation/Parole Prison	49,200	3,799	38,504	6,897
New Lisbon Correctional Institution	28,250	361	809	27,080
Super Max Prison	43,570	37,229	5,973	368
Red Granite Medium Security Correction Institution	51,300	10,610	40,690	--
Camp Williams - Combined Support	14,103	14,058	--	45
Other projects with allotments totaling less than $10 million		54,150		
Total construction in progress		$ 139,146		

The following is a summary of proprietary and fiduciary fund-type, University of Wisconsin System, and component unit fixed assets at June 30, 1999 (in thousands):

	Enterprise	Internal Service	Nonexpendable Trust	University of Wisconsin System	Component Units
Land	$ 9,339	$ 8,386	$ 635	$ 91,433	$ 6,032
Buildings and improvements	203,312	151,290	--	2,159,196	172,495
Machinery and equipment	33,729	143,321	--	1,445,184	132,414
Less: Accumulated depreciation	(120,181)	(157,547)	--		(163,892)
Construction in progress	4,909	72,730	--		8,702
Total	$ 131,107	$ 218,180	$ 635	$ 3,695,815	$ 155,751

NOTE 5. CHANGES IN LONG-TERM OBLIGATIONS REPORTED IN THE GENERAL LONG-TERM DEBT ACCOUNT GROUP

During the year ended June 30, 1999, the following changes occurred in liabilities reported in the General Long-term Debt Account Group (in thousands):

	Balance July 1, 1998	Additions	Reductions	Balance June 30, 1999
Capital Leases	$ 6,141	$ 9,579	$ 5,226	$ 10,494
Installment Contracts Payable	1,616	995	1,545	1,066
Compensated Absences	445,721	--	15,810	429,911
Employer Pension Costs	643,089	48,997	41,843	650,243
General Obligation Bonds Payable	1,736,821	297,228*	291,020	1,743,029
Revenue Bonds Payable	690,105	240,590	161,545	769,150
Claims, Judgments and Commitments	2,105	211	--	2,316
	$ 3,525,598	$ 597,600	$ 516,989	$ 3,606,209

* Due to the inclusion of accretion amounts on original issue discounts of the State's zero coupon bonds and underwriter discounts on new general obligation bond issues sold during Fiscal Year 1999, the amount presented for "Additions" to general obligation bonds payable differs from the amount presented for "Proceeds from Sale of Bonds" on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, which is reported net of the discussed items.

NOTE 6. BONDS, NOTES AND OTHER FINANCING AGREEMENTS PAYABLE

The following schedule summarizes outstanding long-term bonds and notes payable at June 30, 1999 (in thousands):

Primary Government:	
General Long-term Debt Account Group:	
General Obligation Bonds	$ 1,743,029
Transportation Revenue Bonds	769,150
Total General Long-term Debt Account Group	2,512,179
Debt Service Funds:	
Bond Security and Redemption General Obligation	950
Transportation Revenue Bonds	30,860
Total Debt Service Funds	31,810
Enterprise Funds:	
State Fair Park General Obligation Bonds	14,239
Veterans Mortgage Loan Repayment General Obligation Bonds	760,790
Veterans Trust General Obligation Bonds	1,073
Wisconsin Education Revenue Bonds	1,727
Environmental Improvement Fund Revenue Bonds	486,554
Total Enterprise Funds	1,264,383
Internal Service Funds:	
Facilities Operations and Maintenance General Obligation Bonds	104,404
Badger State Industries General Obligation Bonds	160
Total Internal Service Funds	104,564
University of Wisconsin System:	
General Obligation Bonds	754,707
Other Bonds	450
Total University of Wisconsin System	755,157
Component Units:	
Wisconsin Housing and Economic Development Authority Bonds and Notes	2,134,993
University of Wisconsin Hospitals And Clinics Authority	50,000
	2,184,993
Total at June 30, 1999	$ 6,853,086

A. General Obligation Bonds

Primary Government

The State of Wisconsin Building Commission, an agency of the State, is empowered by law to consider, act upon, authorize, issue and sell all debt obligations of the State. To date, the Commission has authorized and issued general obligation bonds primarily to provide funds for the acquisition or improvement of land, water, property, highways, buildings, equipment or facilities for public purposes. Occasionally, general obligation bonds are also issued for the purpose of providing funds for veterans housing loans and to refund general obligation bonds. All general obligation bonds authorized and issued by the State are secured by a pledge of the full faith, credit and taxing power of the State of Wisconsin and are customarily repaid over a period of twenty to thirty years.

Article VIII of the Wisconsin Constitution and Wis. Stat. Sec. 18.05 set limits on the amount of debt that the State can contract in total and in any calendar year. In total, debt outstanding cannot exceed five percent of the value of all taxable property in the State. Annual debt issued cannot exceed the lesser of three-quarters of one percent or five percent of the value of all taxable property in the State less net indebtedness at January 1.

The outstanding principal and interest for general obligation debt to be financed from governmental funds and similar trust funds are accounted for in the General Long-term Debt Account Group (GLTDAG). Repayment of the bonds is made from the Bond Security and Redemption Fund and the corresponding amount removed from the GLTDAG when paid. The bonds payable amount presented in the Bond Security and Redemption Fund represents the liability to be paid from resources accumulated to provide debt service payments in Fiscal Year 2000. Repayment of principal and interest and the related outstanding liability on general obligation bonds made from fees and revenues of proprietary funds and similar trust funds are recorded in those funds.

At June 30, 1999, $1,575.3 million of general obligation bonds were authorized but unissued.

General obligation bonds issued and outstanding as of June 30, 1999 were as follows (in thousands):

Fiscal Year Issued	Series	Dates	Interest Rates	Maturity Through	Amount Issued	Amount Outstanding
1977	1976 Series C and 1977 Series B	11/76; 5/77	5.0	5/02	$ 168,000	$ 6,000
1979	1978 Series C	11/78	5.1	11/03	77,300	3,920
1986	1986 Series A	5/86	7.25 to 7.5	1/15	38,185	2,200
1989	1988 Series A and 1989 Series A	7/88; 1/89	7.25 to 7.7	1/03	35,000	3,490
1990	1989 Series D,	8/89				
	1990 Series B and D	3/90; 5/90	6.7 to 7.6	1/20	105,859	47,781
1991	1990 Series F; 1991	10/90				
	Series A, B and Series I	4/91; 5/91; 6/91	6.15 to 7.35	1/21	272,136	155,683
1992	1991 Series D; 1992 Series A	9/91; 3/92				
	and B, and Refunding Issue	6/92; 3/92	5.1 to 6.7	1/22	794,975	446,245
1993	1992 C and 2	10/92; 11/92				
	1993 1, 2 and A	1/93; 3/93; 5/93	3.8 to 6.5	5/15	721,175	445,690
1994	1993 Refunding Issues	7/93; 12/93; 12/93;				
	3, 4, 5, 6; 1994 Refunding	10/93; 3/94;				
	Issues 1 and 2; and					
	1994 Series A and B	1/94; 6/94	3.5 to 6.2	5/24	929,825	605,715
1995	1994 Series 3 and C;	9/94; 9/94				
	1995 Series A, B, and 1	1/95; 2/95; 2/95	4.75 to 7.0	5/25	331,715	171,540
1996	1995 Series 2 and C;	10/95; 9/95;				
	1996 Series 1, A and B;	2/96; 1/96; 5/96				
	and Note 995B	and 7/95	4.0 to 7.3	11/26	448,536	383,681
1997	1996 C and D;	9/96; 10/96;				
	1997 1 and A	3/97; 3/97	4.75 to 6.0	5/28	190,230	125,970
1998	1997 B, C and D;	7/97; 9/97;	4.25 to 6.95	11/28	411,765	398,825
	1998 A, B and C	9/97; 3/98; 5/98; 5/98				
1999	1998 Series 1, 2, D, E and F;	8/98; 9/98; 9/98; 10/98	4.0 to 7.25	11/30	590,675	585,710
	1999 Series 1, A and B	10/98; 2/99; 5/99; 5/99				
Total					5,115,377	3,382,451
Proprietary Fund (Discounts)/Premiums						(3,100)
Total General Obligation Bonds and Notes, net of discounts					$ 5,115,377	$ 3,379,351

.

As of June 30, 1999, general obligation debt service requirements for principal and interest in future years are as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2000	$ 284,227	$ 177,563	$ 461,790
2001	239,632	164,740	404,372
2002	234,909	152,705	387,614
2003	230,247	140,406	370,653
2004	214,146	128,642	342,788
Thereafter	2,222,835	911,857	3,134,692
Total	3,425,996	1,675,913	5,101,909
Proprietary Fund (Discounts)/Premiums	(3,100)		(3,100)
Unamortized zero coupon	(43,545)		(43,545)
Total, net of discounts	$3,379,351	$ 1,675,913	$5,055,264

Zero Coupon Bonds

The general obligation bonds of 1990, Series D (Higher Education Series), are zero coupon bonds recorded in the amount of $33.2 million which is the accreted value at June 30, 1999. The bonds mature on May 1 through the year 2010.

The general obligation bonds of 1991, Series B, are zero coupon bonds recorded in the amount of $59.4 million. The bonds mature on May 1 through the year 2011.

B. Revenue Bonds

Primary Government

Chapter 18, Wisconsin Statutes, authorizes the State to issue revenue obligations secured by a pledge of revenues or property derived from the operation of a program funded by the issuance of these obligations. The resulting bond obligations are not general obligations of the State.

Transportation Revenue Bonds

Transportation Revenue Bonds are issued to finance part of the costs of certain transportation facilities and major highway projects. Chapter 18, Subchapter II of the Wisconsin Statutes as amended, Wis. Stat. Sec. 84.59 and a general bond resolution and series resolutions authorize the issuance of these bonds.

The Department of Transportation is authorized to issue a total of $1,348.0 million Series A revenue bonds. Presently, there are nine issues of Transportation Revenue Bonds totaling $800.0 million. Debt service payments are secured by driver and vehicle registration fees and also a reserve fund, which will be used in the event that a deficiency exists in the redemption fund.

The Transportation Revenue Bonds issued and outstanding as of June 30, 1999 were as follows (in thousands):

Issue	Issue Date	Interest Rates	Maturity Through	Issued	Outstanding
1998A&B	8&10/98	3.5 to 5.5	7/19	$ 240,590	$ 240,590
1996A	5/96	5.0 to 6.0	7/10	67,330	60,140
1995A	9/95	4.45 to 6.25	7/15	97,930	87,985
1994A	7/94	4.75 to 7.5	7/14	62,615	49,845
1993A	9/93	4.1 to 5.0	7/12	116,450	100,735
1992A&B	7/92	4.9 to 5.5	7/22	265,625	247,325
1991A	10/91	5.8 to 6.1	7/01	37,050	13,390
Total				$ 887,590	$ 800,010

As of June 30, 1999, debt service requirements for principal and interest for the Transportation Revenue Bonds are as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2000	$ 30,860	$ 41,063	$ 71,923
2001	33,705	39,488	73,193
2002	36,560	37,739	74,299
2003	38,115	35,840	73,955
2004	40,020	33,787	73,807
Thereafter	620,750	251,557	872,307
Total	$ 800,010	$ 439,474	$ 1,239,484

Wisconsin Education Revenue Bonds

The Wisconsin Higher Educational Aids Board (HEAB) was created in 1967 to replace the State Commissioner for Higher Educational Aids and to administer the State's Student Loan Program. Through its administration of the Student Loan Program, HEAB provides funds to finance Health Education Assistance Loans.

Health Education Assistance Loan Program

At June 30, 1999, there was one issue of Health Education Assistance Loan program bonds outstanding totaling $1.7 million. These bonds are secured by student loan repayments and interest income.

The Health Education Assistance Loan program bonds issued and outstanding as of June 30, 1999 were as follows (in thousands):

Issue	Issue Date	Maturity Through	Issued	Outstanding
1994	12/94	12/04	$ 19,100	$ 1,930
Less: Unamortized discount				(203)
Total			$ 19,100	$ 1,727

The provisions of the 1994 Series A bond issue requires interest and principal payments are to be made to the bond holder on the first working day of the month until maturity in December 2004. The interest portion of each monthly payment is based on the Treasury Bill rate plus 0.25% for each day in the month. The principal amount paid each month varies depending on the amount of student loans receivable that is collected and working cash flow for each month. Therefore, bond amortization varies through final maturity in the year 2004.

Environmental Improvement Fund

The Environmental Improvement Fund (the Fund) provides loans and grants to local municipalities to finance wastewater treatment planning and construction. The Fund is authorized to issue up to $1,298.0 million in Revenue Bonds. At June 30, 1999, there were seven issues of Revenue Bonds outstanding totaling $486.6 million. These bonds are secured by payments on program loans and earnings of investments.

Bonds issued and outstanding for the Fund as of June 30, 1999 were as follows (in thousands):

Issue	Issue Date	Interest Rates	Maturity Through	Issued	Outstanding
1998-2	8/98	4.0 to 5.5	6/17	$104,360	$102,560
1998-1	1/98	4.0 to 5.0	6/18	90,000	87,060
1997-1	2/97	4.5 to 6.0	6/17	80,000	53,865
1995-1	7/95	4.0 to 6.25	6/15	80,000	37,380
1993-2	9/93	2.75 to 6.13	6/08	81,950	77,995
1993-1	9/93	3.6 to 5.3	6/13	84,345	40,720
1991-1	4/91	5.4 to 6.9	6/11	225,000	89,575
				745,655	489,155
Unamortized Premium					10,508
Less: Unamortized discount and charge					(13,109)
Total, net of discount, charge and premium				$ 745,655	$ 486,554

As of June 30, 1999, debt service requirements for principal and interest for the Fund were as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2000	$ 23,530	$ 26,591	$ 50,121
2001	24,740	25,375	50,115
2002	26,055	24,044	50,099
2003	27,555	22,597	50,152
2004	29,045	21,229	50,274
Thereafter	358,230	118,796	477,026
Total	489,155	238,632	727,787
Unamortized Premium	10,508		10,508
Less: Unamortized discount and charge	(13,109)		(13,109)
Total, net	$ 486,554	$ 238,632	$ 725,186

Component Units

Wisconsin Housing and Economic Development Authority

Bonds and notes payable at June 30, 1999 of the Wisconsin Housing and Economic Development Authority (Authority) consisted of the following (in thousands):

Revenue bonds and notes	$	1,829,622
Special obligation and subordinated Special obligation		306,412
Total		2,136,034
Less: Deferred amount on refunding		(1,041)
Total, net	$	2,134,993

Authority's Revenue Bonds and Notes

The Authority's revenue bonds and notes are collateralized by the revenues and assets of the Authority, subject to the provisions of resolutions and note agreements which pledge particular revenues or assets to specific bonds or notes. The bonds are subject to mandatory sinking fund requirements and may be redeemed at the Authority's option at various dates after approximately 10 years from the date of issuance at prices ranging from 103 percent to 100 percent of par value. Any particular series contains both term bonds and serial bonds which mature at various dates.

The Authority's revenue bonds and notes outstanding at June 30, 1999 consisted of the following (in thousands):

Series/ Issue	Date	Rates	Maturity Through	Outstanding
Housing Revenue Bonds:				
1986 A&B	9/86	7.625 to 8.5	2017	$ 2,440
1988 A&B	2/88	7.25 to 8.25	2018	5,100
1989 A, B&C	9/89	7.1 to 7.85	2020	13,270
1992 A	1/92	5.8 to 6.85	2012	58,665
1992 B, C, D	4/92	6.4 to 7.2	2022	69,135
1993 A&B	10/93	4.5 to 5.65	2023	65,130
1993 C	12/93	4.65 to 5.875	2019	126,010
1995 A&B	7/95	4.7 to 6.5	2026	47,550
1998 A, B & C	2/98	4.4 to 6.88	2032	39,555
				426,855
Home Ownership Revenue Bonds:				
1985 I	6/85	9.7 to 10.375	2016	4,430
1987 B&C	8/87	7.375 to 7.85	2016	3,180
1988 D	10/88	7.4 to 7.7	2005	945
1989 A	5/89	7.1 to 7.5	2017	16,355
1989 B&C	10/89	7.3 to 7.85	2021	51,688
1990 D&E	9/90	7.2 to 8.0	2021	495
1991 A&B	12/90	6.95 to 7.25	2024	2,105
1991 1,2&3	7/91	6.6 to 7.2	2022	33,710
1992 A&B	3/92	6.1 to 7.1	2023	53,495
1992 1,2	6/92	6.05 to 6.875	2024	60,525
1994 A&B	4/94	5.0 to 6.75	2025	64,745
1995 A&B	1/95	5.9 to 7.1	2025	98,670
1996 A&B	3/96	4.55 to 6.15	2027	66,705
1996 C&D	7/96	4.75 to 6.45	2027	67,315
1996 E&F	11/96	4.35 to 6.2	2027	53,720
1997 D & E	6/97	4.05 to 6.0	2028	83,975
1998 A, B&C	4/98	4.75 to 6.3	2028	122,050
1999 A & B	8/99	5.3 to 5.8	2021	68,215
1999 C, D&E	4/99	3.4 to 7.29	2029	90,000
				942,323
Home Ownership Revenue Bonds (Taxable):				
1989 A	7/89	9.8	2019	1,070
1995 C,D&E	5/95	4.95 to 6.3	2026	73,130
1997 F	7/97	Variable	2007	6,645
1995 F,G&H	9/95	4.75 to 7.875	2026	47,630
1997 A, B & C	4/97	4.4 to 8.36	2028	71,025
1997 G, H&I	11/97	4.2 to 7.39	2028	73,140
1998 D & E	6/98	3.85 to 6.04	2028	114,575
				387,215
Business Development Bonds:				
1989 3, 6-8,11-12, 17,19 & 28	Various	7.25 to 7.75	2014	7,010
1990 4, 6	Various	7.2 to 7.50	2010	2,250
1991 4-6	Various	6.1 to 7.05	2006	3,545
1994 1-4	Various	Variable	2014	7,995
1995 1-2, 4-9	Various	Variable	2015	16,240
				37,040
Notes Payable	Various	Variable	1999	36,189
Authority's Total Revenue Bonds and Notes				$1,829,622

(Continued)

Authority's Special Obligation Bonds

The Authority's Special Obligation Bonds are special limited obligations of the Authority and are collateralized by the revenues and assets of each bond resolution.

Special obligation bonds at June 30, 1999 consist of the following (in thousands):

Series/ Issue	Date	Rates	Maturity Through	Outstanding
Housing Revenue Bonds:				
1994	1/94	8.31 to 9.25	2017	$ 10,473
Home Ownership Revenue Bonds:				
1993 A	6/92	5.0 to 6.5	2025	79,225
1994 C&D	8/94	5.2 to 6.65	2025	37,000
1994 E&F	12/94	6.1 to 7.55	2026	4,040
1998 F&G	10/98	3.7 to 6.7	2029	95,000
				215,265
Single Family Drawdown Revenue Bonds:				
1998	8/98	Variable	2001	74,549
Home Improvement Revenue Bonds:				
1988 A	11/88	7.3 to 7.75	2006	3,775
1992 A&B	5/92	6.1 to 7.0	1999	2,350
				6,125
Total Special Obligation Bonds				$ 306,412

As of June 30, 1999, debt service requirements for principal and interest of the Authority's revenue bonds and special obligation bonds were as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2000	$ 136,521	$ 131,242	$ 267,763
2001	69,976	118,287	188,263
2002	52,198	115,725	167,923
2003	54,637	112,592	167,229
2004	58,119	109,574	167,693
Thereafter	1,764,583	1,379,347	3,143,930
Total	2,136,034	1,966,767	4,102,801
Less: Deferred Refunding Amount	(1,041)		(1,041)
Total	$ 2,134,993	$ 1,966,767	$ 4,101,760

Under a Business Development Program and a Beginning Farmer Program, revenue bonds are issued which do not constitute indebtedness of the Authority within the meaning of any provision or limitation of the Constitution or Statutes of the State of Wisconsin. They do not constitute or give rise to a pecuniary liability of the Authority or a charge against its general credit. They are payable solely out of the revenues derived pursuant to the loan agreement, or in the event of default of the loan agreement, out of any revenues derived from the sale, releasing or other disposition of the mortgaged property. Therefore, the bonds are not reflected in the financial statements. As of June 30, 1999, the Authority had issued 125 series of such bonds in an aggregate principal amount of $73.5 million for economic projects in Wisconsin.

University of Wisconsin Hospitals and Clinics Authority

In April 1997, the University of Wisconsin Hospitals and Clinics Authority (the Hospital) issued $50.0 million of Variable Rate Demand Hospital Revenue Bonds, Series 1997. The bond proceeds are designated to finance qualified capital projects. Principal payments on the Series 1997 Bonds are due annually commencing in April 2010 through April 2026. Interest is payable at an initial weekly mode rate. The effective annual estimated interest rate was 4.0 percent at the time of issuance.

The Series 1997 bonds are collateralized by a security interest in substantially all of the Hospital's revenue. The borrowing agreements contain various covenants and restrictions including the establishment and maintenance of certain funds under the control of a trustee. These funds are held by the trustee and are reflected in Restricted and Limited Use Assets – Investments in the accompanying financial statements.

The Hospital is limited to total borrowings, exclusive of amounts outstanding prior to issuance of the Series 1997 bonds, to $50.0 million, with limited exceptions.

The revenue bonds of the Hospital do not constitute debt of the State nor is the State liable on those bonds.

As of June 30, 1999, debt service requirements for the Hospital's revenue bonds were as follows (in thousands):

Fiscal Year Ended June 30	Principal	Interest	Total
2000	$	$ 2,000	$ 2,000
2001		2,000	2,000
2002		2,000	2,000
2003		2,000	2,000
2004		2,000	2,000
Thereafter	50,000	32,984	82,984
Total	$ 50,000	$ 42,984	$ 92,984

C. University of Wisconsin System

Bonds payable included in the University of Wisconsin System's Plant Funds at June 30, 1999 consist of general obligation bonds of $754.7 million; and the Wisconsin State College Building Corporation bonds recorded in the amount of $.5 million maturing in 2000 and 2001.

Debt of these corporations are general obligations, but not of the State. Revenues pledged to the repayment of these bonds are derived through lease-rental agreements between the University of Wisconsin System and the corporations.

On June 30, 1999, future principal payments on bonds payable were as follows (in thousands):

Fiscal Year Ended June 30	Total
2000	$ 68,366
2001	65,260
2002	61,459
2003	57,145
2004	52,641
Thereafter	450,286
Total	$755,157

D. Refundings and Early Extinguishments

Refunding Provisions of GASB Statement No. 23

The State implemented the provisions of GASB Statement No. 23. *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities* beginning with Fiscal Year 1996. This Statement requires proprietary activities to adopt certain accounting and reporting changes for both current refunding and advance refunding resulting in defeasance of debt. GASB Statement No. 23 permits, but does not require, retroactive application of its provisions. The State has chosen not to apply the provisions retroactively to previously issued financial statements.

In February 1996, the State participated in a refunding (1996 Series 1) of general obligation debt that fell within the provisions of GASB Statement No. 23. The State is amortizing these deferred amounts over a period of approximately 19 years, using the straight-line method.

Current Year Refundings/General Obligation Bonds

In August 1998, the State issued $157.6 million of general obligation refunding bonds (1998 Series 1), the proceeds of which were deposited in an escrow account to provide for the future debt service requirements on $156.5 million of various general obligation bonds outstanding at the time of the refunding. As a result of the refunding, the bonds are considered defeased and the associated liability removed from the financial statements. The refunding resulted in a decrease in total debt service payments by $10.9 million and an economic gain of $7.9 million.

In September 1998, the State issued $94.3 million of general obligation refunding bonds (1998 Series 2), the proceeds of which were deposited in an escrow account to provide for the future debt service requirements on $92.4 million of various general obligation bonds outstanding at the time of the refunding. As a result of the refunding, the bonds are considered defeased and the associated liability removed from the financial statements. The refunding resulted in a decrease in total debt service payments by $2.2 million and an economic gain of $2.5 million.

In May 1999, the State issued $15.8 million of general obligation refunding bonds for the purposes of currently refunding general obligation bonds previously issued to fund veterans housing loans and to pay for costs of issuance. The following issues and amounts were refunded in July 1999 (in thousands):

Issue	Principal Refunded
1988-A	$ 1,140
1989-A	2,050
1989-D	12,300

Current Year Refundings/Revenue Bonds

In September 1998, the Environmental Improvement Fund issued $104.7 million in State of Wisconsin Clean Water Refunding Bonds, 1998 Series 2, with a weighted average interest rate of 5.4 percent. The refunding bonds were issued at a premium, resulting in proceeds of $112.7 million, including accrued interest of $.6 million. The purpose of the issue was primarily to advance refund $104.1 million of outstanding Revenue Obligation Bonds from various previously issued series with a weighted average interest rate of 5.6 percent. Approximately $111.4 million of the proceeds were used to purchase U.S. Treasury Securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on a portion of the 1991 Series 1, 1993 Series 1, 1995 Series 1 and 1997 Series 1 Revenue Obligation Bonds. As a result, $104.1 million of Revenue Obligation Bonds are considered to be defeased; the liability for those bonds has been removed from the Fund's balance sheet as of the date of defeasance and the Treasury

securities in the irrevocable trust are not reported on the Fund's balance sheet.

As a result of the defeasance, the Fund reduced its aggregate debt service payments by approximately $4.8 million and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately $3.2 million. In accordance with GASB Statement 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, the Fund deferred $7.6 million related to the defeasance of debt described above which will be amortized over the life of the 1998 Series 2 Bonds.

In August 1998, the Transportation Revenue Bond Program issued the 1998 Series A revenue bonds. Bond proceeds of $138.6 million were applied to the partial refunding of the State of Wisconsin Transportation Revenue Bonds, 1991 Series A, 1992 Series A, 1992 Series B, 1994 Series A, 1995 Series A and 1996 Series A. Such proceeds of the bonds, together with the assets transferred from the refunded series, were deposited with a trustee bank in a separate Escrow Fund. The total amount of principal outstanding for the related defeased bonds was $130.7 million at June 30, 1999.

The proceeds and assets transferred were invested by the Trustee in U.S. Treasury obligations and certain other government securities so that sufficient monies will be available to pay the principal, interest and redemption price on the refunded bonds at redemption or maturity. Accordingly, the 1991 Series A, 1992 Series A, 1992 Series B, 1994 Series A, 1995 Seried A and 1996 Series A bonds, which were refunded, are considered to be extinguished in the year ended June 30, 1999, and are not included as liabilities in the accompanying financial statements. This transaction resulted in an extraordinary loss of $7.9 million, cash flow savings of $5.9 million and an economic gain of $4.1 million.

Prior Year Refundings/General Obligation Bonds

Government Accounting Standards Board Statement No. 7 *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. At June 30, 1999, approximately $591.2 million of general obligation bond principal, defeased in prior years, is not included as a liability in the accompanying financial statements.

Prior Year Refundings/Revenue Bonds

For financial reporting purposes, the following primary government revenue bonds have been defeased, and therefore, removed as a liability from the balance sheet:

- Environmental Improvement Fund revenue bonds – At June 30, 1999, revenue bonds outstanding of $73.8 million have been defeased.
- Transportation revenue bonds – At June 30, 1999, revenue bonds outstanding of $130.7 million have been defeased.
- Wisconsin Education revenue bonds – At June 30, 1999, revenue bonds outstanding of $103.8 million have been defeased.

In addition, the Wisconsin Housing and Economic Development Authority (the Authority), a proprietary component unit, defeased Insured Mortgage Revenue Bonds payable aggregating $48.4 million and sold the related Insured Mortgage Loan portfolio on March 1, 1990. As of June 30, 1999, the remaining outstanding defeased debt was $36.8 million.

Early Extinguishments

Component Units

Wisconsin Housing and Economic Development Authority

During 1999, the Wisconsin Housing and Economic Development Authority (the Authority) redeemed early various outstanding bonds according to the redemption provisions in the bond resolutions. These redemptions resulted in extraordinary losses due to the write-off of remaining unamortized deferred debt financing costs and, in certain instances, the payment of an early redemption premium. A summary of these early redemptions follows (in thousands):

	Redemptions	Extraordinary Losses
Bond Issue	**1999**	**1999**
Home Ownership Revenue Bond Resolutions:		
1987	$ 61,051	$ --
1988	163,465	--
Single Family	91,090	--
All Other	54,970	--
General funds	4,605	--
State of Wisconsin Programs	375	13
Housing Revenue Bonds	4,640	66

E. Short-Term Financing

The State of Wisconsin Building Commission, an agency of the State, is empowered by law to consider, authorize, issue, and sell debt obligations of the State. To date, the Commission has authorized the issuance of notes in anticipation of revenue or bond financing. When this short-term debt does not meet long-term financing criteria, it is classified among fund liabilities.

General Obligation Commercial Paper Notes

The State has authorized General Obligation Commercial Paper Notes for the acquisition, construction, development, extension, enlargement, or improvement of land, waters, property, highway, buildings, equipment or facilities. As of June 30, 1999, the State issued $166.7 million of general obligation commercial paper notes. Periodically, additional commercial paper notes are issued to pay for maturing commercial paper notes and accrued interest on the maturing notes. The State intends to make annual May 1 payments on the outstanding commercial paper notes that reflect principal amortization of the notes. The State also intends to make semi-annual May 1 and November 1 payments on the outstanding commercial paper notes that will be equal to the interest accrued and accruing for that period. At June 30, 1999, the amount of commercial paper notes outstanding was $160.9 million which had interest rates ranging from 3.0 percent to 3.6 percent and maturities ranging from July 12, 1999 to January 28, 2000.

Transportation Revenue Commercial Paper Notes

The State authorized transportation revenue commercial paper notes to pay the costs of major highway projects and certain State transportation facilities. As of June 30, 1999, the State issued $154.8 million of transportation revenue commercial paper notes. Periodically, additional commercial paper notes are issued to pay for maturing commercial paper notes and accrued interest on the maturing notes. The State intends to make annual July 1 payments on the commercial paper notes that reflect principal amortization of the notes. The State also intends to make semi-annual January 1 and July 1 payments on the commercial paper notes that will be equal to (i) the amounts determined by the State, as set forth in the Supplemental Resolution, for the semi-annual periods ending on July 1, 1999, and (ii) the interest accrued and accruing for that applicable semi-annual period commencing July 1, 1999. At June 30, 1999, the amount of commercial paper notes outstanding was $155.4 million which had interest rates ranging from 3.0 percent to 3.6 percent and maturities ranging from July 1, 1999 to September 14, 1999.

F. Certificates of Participation

The State established a facility in 1992 that provides lease purchase financing for equipment and certain service items acquired by State agencies. This facility is the Second Amended and Restated Master Lease 1992-1. Pursuant to the terms and conditions of this agreement, the trustee for the facility issues parity Master Lease certificates of participation that evidence proportionate interest of the owners thereof in lease payments to be made for rental of certain equipment and service items. A common pool of collateral ratably secures all Master Lease certificates. Title in the equipment and service items purchased under the facility remains with the State and the State grants to the Trustee, for the benefit of all Master Lease certificate holders, a first security interest in the leased items. At June 30, 1999, the following parity Master Lease certificates were outstanding:

- Master Lease Certificates of Participation of 1996, Series B, in the amount of $6.1 million. This series of Master Lease certificates had interest rates ranging from 4.25 percent to 4.9 percent and matures semi-annually through September 1, 2000 and annually through 2003.

- Master Lease Certificate of Participation of 1996, Series A, in the amount of $13.2 million. This Master Lease certificate evidences the State's obligation to repay revolving loans under a Revolving Credit Agreement, dated July 1, 1996 between Firstar Trust Company, Milwaukee, Wisconsin (Trustee) and the Bank of America Illinois, as amended. This Master Lease certificate shall bear interest at the rates provided for in the Revolving Credit Agreement and matures on March 1, 2009. The balance of this certificate of participation may include some accrued interest that will be payable at the next semi-annual interest payment date.

- Master Lease Certificates of Participation of 1999, Series A, in the amount of $28.9 million. These series of Master Lease certificates have interest rates ranging from 3.3 percent to 3.9 percent and mature semi-annually through March 1, 2005.

- Master lease Certificates of Participation of 1999, Series B (Taxable), in the amount of $14.1 million. These series of Master Lease certificates have interest rates ranging from 5.1 percent to 5.6 percent and mature semi-annually through September 1, 2005.

The Second Amended and Restated Master Lease 1992-1 provides that certain lease schedules to the facility can be terminated if the State deposits with the Trustee an amount that is equal to the outstanding amount of the lease schedule, or in amounts that are sufficient to purchase investments that mature on dates and in amounts to make the lease payments when due. At June 30, 1999, the State has deposited with the Trustee

amounts, that when invested, will terminate lease schedules having an aggregate outstanding amount of $1.3 million. As a result of terminating these lease schedules, the associated liability is removed from the financial statements.

G. Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986, calculate and rebate arbitrage earnings to the federal government. Specifically, the excess of the aggregated amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, is to be rebated to the federal government. As of June 30, 1999, no arbitrage liability existed.

H. Moral Obligation Debt

Through legislation enacted in 1994, the State authorized the creation of local exposition districts. These districts are authorized to issue bonds for costs related to an exposition center, and if the State determines that certain conditions are satisfied, the State may have a moral obligation to appropriate moneys to make up deficiencies in the districts' reserve funds that secure up to $200 million principal amount of bonds. To date, one such district has been created, and it has issued $125.8 million of bonds that are subject to the moral obligation.

I. Credit Agreements

Primary Government

The State has, as part of the working bank contract, a letter of credit agreement with the Firstar Bank National Association, Milwaukee, Wisconsin under which the Bank has agreed to provide to the State an open line of credit in the amount of $50.0 million. The agreement provides for advances in anticipation of bond issuance proceeds. As of June 30, 1999, $50.0 million was unused and available.

The State has previously entered into a credit agreement with two banks to provide a line of credit for liquidity support for up to $300.0 million of general obligation commercial paper notes. The line of credit expires in April, 2000, but is subject to annual renewal as provided for in the credit agreement. The cost of this line of credit is 0.06 percent per year.

Also, the State has previously entered into a credit agreement with two banks to provide a stand-by letter of credit for credit and liquidity support for its transportation revenue commercial paper program. The stand-by letter of credit is available to secure up to $188.6 million of transportation revenue commercial paper and interest thereon. No advances were drawn during the fiscal year ended June 30, 1999. This stand-by letter of credit expires in May, 2000, but is subject to annual renewal as provided for in the credit agreement. The cost of this stand-by letter of credit is 0.085 percent on unutilized amounts and 0.160 percent per year on utilized amounts.

NOTE 7. LEASE COMMITMENTS

The State leases office buildings, space, and equipment under a variety of agreements that vary in lease term, many of which are subject to appropriation from the State Legislature to continue the lease commitment. If such funding, i.e., through legislative appropriation, is judged to be assured, and the likelihood of cancellation through exercise of the fiscal funding clause is remote, leases are considered noncancelable and reported in the General Long-term Debt Account Group or appropriate proprietary fund or university fund types.

A. Capital Leases

Primary Government

Capital lease commitments for the governmental fund types are reported in the General Long-term Debt Account Group and the related assets are reported in the General Fixed Assets Account Group. Capital lease commitments for proprietary funds are reported as liabilities of those funds. The related assets along with the depreciation are also reported in those proprietary funds. Capital lease commitments for the University of Wisconsin System are reported in the University of Wisconsin System Plant Funds.

Assets acquired through capital leases are valued at the lower of fair market value or the present value of minimum lease payments at the inception of the lease. The following is an analysis of General Fixed Assets and proprietary fund type assets leased under capital leases as of June 30, 1999 (in thousands):

	General Fixed Assets	Enterprise Funds	Internal Service Funds
Buildings and Improvements	$ 628	$ --	$ --
Machinery and Equipment	16,174	920	23,807
Less: Accumulated Depreciation	--	(209)	(10,482)
Carrying Amount	$ 16,802	$ 712	$ 13,325

The following is an analysis of the gross minimum lease payments along with the present value of the minimum lease payments as of June 30, 1999 for capital leases (in thousands):

Fiscal Year	General Long-term Debt Account Group	Proprietary Funds	University of Wisconsin System
2000	$ 4,082	$ 6,507	$ 3,830
2001	3,584	5,283	3,096
2002	2,013	1,863	2,021
2003	869	1,074	1,096
2004	706	399	511
Thereafter	730	12	--
Total minimum future payments	11,985	15,138	10,554
Less: Executory costs	(64)	--	--
Less: Interest	(1,427)	(1,180)	(867)
Present value of net minimum lease payments	$ 10,494	$ 13,958	$ 9,687

Master Lease Program

The State established a facility in 1992 that provides lease purchase financing for equipment and certain service items acquired by state agencies. This facility is the Second Amended and Restated Master Lease #1992-1 between the State acting by and through the Department of Administration and Firstar Bank Milwaukee, N.A. Lease purchase obligations under the Master Lease are not general obligations of the State, but are payable from appropriations of State agencies participating in the Master Lease Program, subject to annual appropriation. The interest component of each lease/purchase payment is subject to a separate determination. Pursuant to terms of the Master Lease, the Trustee for the facility issues parity Master Lease Certificates of Participation that evidence proportionate interest of the owners thereof in lease payments to be made for rental of equipment and certain service items. Items acquired and outstanding on June 30, 1999 consisted of:

Balance Due	Average Life (Weighted Term)
$60,792,544	1.972 Yrs.

The assets acquired and corresponding obligations are reported in the General Fixed Asset Account Group and the General Long-term Debt Account Group, respectively, or in the fund acquiring the equipment.

Component Unit

Under the terms of a lease agreement, the University of Wisconsin Hospitals and Clinics Authority (the Hospital) leases facilities which were occupied by the Hospital as of June, 1996 (see Note 1B to the financial statements). The initial term of the lease is 30 years to be renewed annually with automatic extensions of one additional year on each July 1 until action is taken to stop the extensions. Included in the consideration for the lease is an amount equal to the debt service during the term of the lease agreement on all outstanding bonds issued by the State for the purpose of financing the acquisition, construction or improvement of the leased facilities. Interest rates on the related bonds range from 3.5 percent to 7.8 percent, with final maturities due beginning in April 2000 through April 2016. Scheduled principal and interest payments through April 2016 are $45.5 million.

In addition, scheduled principal and interest payments through December 2000 are $.8 million for equipment acquired under a capital lease agreement.

B. Operating Leases

Operating leases, those leases not recorded as capital leases as required by FASB Statement No. 13, are not recorded in the balance sheet. These leases contain various renewal options, the effect of which are reflected in the minimum lease payments only if it is considered that the option will be exercised. Certain other operating leases contain escalation clauses and contingent rentals which are not included in the calculation of the future minimum lease payments. The State has adopted the operating lease scheduled rent increase provisions of FASB Statement No. 13 prospectively. Operating lease expenditures/expenses are recognized as incurred or paid.

Governmental and proprietary fund rental expenditures/expenses under operating leases for Fiscal Year 1999 were $37.7 million. Of this amount, $37.2 million relates to minimum rental payments stipulated in lease agreements, $415 thousand relates to contingent rentals, and $362 thousand subrental payments. The University of Wisconsin System operating lease expenditures totaled $3.7 million for Fiscal Year 1999.

The following is an analysis of the future minimum rental payments due under operating leases (in thousands):

Fiscal Year	Governmental and Proprietary Funds	University of Wisconsin System	Component Units
2000	$ 32,914	$ 6,629	$ 2,757
2001	24,937	5,534	2,710
2002	20,938	3,762	2,402
2003	14,981	3,262	2,213
2004	9,508	2,617	2,157
Thereafter	21,305	15,500	9,384
Minimum lease payments	$ 124,582	$ 37,304	$ 21,622

NOTE 8. INSTALLMENT PURCHASES

Installment purchase liabilities for the governmental fund types are reported in the General Long-term Debt Account Group and the related assets are reported in the General Fixed Assets Account Group.

The following is an analysis of the gross minimum installment payments along with the present value of the minimum installment payments as of June 30, 1999 for installment purchases (in thousands):

Fiscal Year	General Long-term Debt Account Group
2000	$ 589
2001	306
2002	174
2003	106
2004	--
Thereafter	--
Total minimum future payments	1,175
Less: Interest	(109)
Present value of net minimum installment payments	$ 1,066

NOTE 9. SEGMENT INFORMATION AND CONDENSED FINANCIAL DATA

Primary Government

The State maintains 25 enterprise funds which are intended to be self-supporting through user fees charged to the public. Financial statement information as of and for the year ended June 30, 1999 is presented below (in thousands):

	Home for Veterans (1)	Mental Health Institutes (2)	Developmental Disabilities Centers (3)	Lottery (4)	Health Insurance Risk Sharing Plan (5)	Local Government Property Insurance (6)
Operating revenues:						
Total revenues	$ 36,413	$ 42,363	$ 113,836	$428,352	$ 29,994	$ 10,373
Revenues from sales/services provided to other GAAP funds	--	--	--	--	--	--
Depreciation, depletion and amortization expense	2,168	1,369	2,852	346	--	70
Operating income or loss	(1,707)	(32,680)	182	134,299	(5,055)	964
Operating grants, entitlements, and shared revenues	17	190	82	--	--	--
Operating interfund transfers:						
In	23	37,958	55	--	11,900	--
Out	593	2,756	8,074	13,154	--	--
Extraordinary gain (loss)	--	--	--	--	--	--
Net income (loss)	(1,942)	3,079	(6,801)	(41,132)	7,142	964
Current capital:						
Contributions	--	153	305	--	--	--
Transfers In	175	244	--	51	--	--
Transfers Out	--	--	--	--	--	--
Property, plant and equipment:						
Additions	510	1,134	797	93	--	--
Deletions	122	9,533	3,475	356	--	--
Net working capital (current assets less current liabilities)	4,851	(7,839)	(10,459)	79,459	6,751	5,535
Total assets	32,856	49,146	73,569	372,906	11,809	30,759
Bonds and other material long-term liabilities outstanding:						
Amounts payable solely from operating revenues	193	--	--	227,176	9,456	--
Amounts potentially payable from other sources	--	--	--	--	--	--
Total equity	28,066	21,903	26,644	88,669	(2,705)	21,550

Description of Programs

(1) Nursing home care for veterans and their spouses.

(2) Diagnosis, care and treatment of individuals with mental and emotional disturbances (two institutes).

(3) Services provided to developmentally disabled citizens (three centers).

(4) State managed lottery activities used to provide property tax relief.

(5) Medical insurance provided to Wisconsin residents under sixty-five who are unable to obtain private coverage.

(6) Property insurance coverage provided to local governments.

(7) State sponsored life insurance.

(8) Excess medical malpractice insurance for Wisconsin health care providers.

(9) Government Employe Benefit Plans include:
Income Continuation Insurance - disability benefits for government employes.
Duty Disability – Compensation for duty-related disabilities of government employes.
Health Insurance - Group health insurance for government employes.
Long-term Disability Insurance – Long-term disability benefits for government employes.

State Life Insurance (7)	Patients Compensation (8)	Government Employe Benefit Plans (9)	Environmental Improvement (10)	Veterans Mortgage Loan Repayment (11)	State Fair Park (12)	Wisconsin Education Revenue Bonds (13)	Other (14)	Total
$ 4,074	$ 61,677	$ 492,611	$ 26,010	$ 42,207	$ 14,286	$ 501	$ 25,358	$1,328,054
--	--	398,370	--	--	--	--	1,797	400,167
16	6	--	3,035	574	1,616	--	597	12,649
(3,701)	30,317	17,259	(6,696)	(6,271)	191	25	2,231	129,356
--	--	--	2,008	--	--	--	2,504	4,802
--	--	--	--	1,797	19	--	1,268	53,019
--	--	--	--	3	304	--	6,087	30,972
--	--	--	--	--	--	--	20	20
(3,701)	30,750	17,256	261	937	(2,575)	31	1,894	6,163
--	--	--	49,607	--	--	--	172	50,237
--	--	--	31,000	--	--	--	565	32,035
--	--	--	4,000	--	--	--	--	4,000
25	30	--	--	37	521	--	3,364	6,511
--	1	--	48	--	4,976	--	108	18,618
5,134	11,519	400,827	153,455	172,357	(773)	--	41,054	861,870
73,924	501,132	451,385	1,210,438	862,032	32,970	3,919	145,127	3,851,971
62,172	488,491	279,341	--	720,015	14,239	--	4,920	1,806,004
--	--	--	465,625	--	--	--	--	465,625
9,131	8,577	121,485	718,694	76,578	14,565	1,812	131,060	1,266,029

(10) Funding for clean water projects, safe drinking water and the land recycling loan program.

(11) Issuance and administration of veteran's first mortgage loans.

(12) State Fair Park - State Fair Exposition Center revenues and operations.

(13) Health education loans provided to full-time medical and dental students and eligible residents.

(14) Other funds include: Transportation Infrastructure Loan – Federal and state funding for loans to finance infrastructure; Institutional Farm Operations – Funds associated with employing inmates in agricultural activities; Institutional Canteen Operations – Sale of goods for the use of institutionalized patients and inmates; Tuition Trust – Taxpayers' investment to cover future tuition expenses; Veterans Trust- Various programs for veterans, including loans and grants; Wisconsin Public Broadcasting Foundation - Raises funds for the Wisconsin Educational Communications Board.

Component Units

Significant financial data for the State's three component units for the year ended December 31, 1998 or June 30, 1999 is presented below (in thousands):

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	University of Wisconsin Hospitals and Clinics Authority	Total
Condensed Balance Sheet				
Assets:				
Current Assets	$ 561,025	$ 156,088	$ 100,506	$ 817,619
Due From Primary Government	--	--	1,426	1,426
Long-term Receivables	1,764,208	--	--	1,764,208
Deferred Charges	15,837	--	--	15,837
Fixed Assets	23,983	--	131,769	155,752
Other Assets	238,416	--	133,828	372,244
Total Assets	$ 2,603,469	$ 156,088	$ 367,529	$ 3,127,086
Liabilities:				
Current Liabilities	$ 204,146	$ 16,890	$ 44,083	$ 265,119
Due to Primary Government	40	--	5,112	5,152
Future Benefits and Loss Liability	--	115,776	--	115,776
Other Liabilities	--	--	36,092	36,092
Bonds and Notes Payable	2,134,993	--	50,000	2,184,993
Total Liabilities	2,339,179	132,666	135,287	2,607,132
Equity:				
Retained Earnings	264,290	23,422	232,242	519,954
Total Equity	264,290	23,422	232,242	519,954
Total Liabilities and Equity	$ 2,603,469	$ 156,088	$ 367,529	$ 3,127,086
Condensed Statement of Revenues, Expenses and Changes in Retained Earnings				
Operating Revenues	$ 149,672	$ 13,541	$ 355,597	$ 518,810
Operating Expenses:				
Depreciation	5,770	--	17,002	22,772
Other	209,925	8,147	334,938	553,010
Operating Income (Loss)	(66,023)	5,394	3,656	(56,972)
Other Nonoperating Revenues (Expenses)	93,075	--	10,502	103,577
Income (Loss) Before Operating Transfer	27,052	5,394	14,158	46,604
Operating Transfer to Primary Government	--	--	(2,400)	(2,400)
Net Income Before Extraordinary Item	27,052	5,394	11,758	44,204
Extraordinary Item	(79)	--	--	(79)
Net Income	26,973	5,394	11,758	44,125
Retained Earnings-Beginning of Year	237,317	18,027	220,484	475,828
Retained Earnings-End of Year	$ 264,290	$ 23,421	$ 232,242	$ 519,953

NOTE 10. INTERFUND ASSETS/LIABILITIES

Interfund assets and liabilities at June 30, 1999 consist of the following (in thousands):

A. Due from/to Other Funds:

Due from Other Funds	$ 479,248
Due to Other Funds	$ 479,248

Due from/to Other Funds represent short-term interfund accounts receivable and payable. The totals of Due from/to Other Funds at June 30, 1999 by individual fund were as follows (in thousands):

Fund	Due from Other Funds	Due to Other Funds
General	$ 112,509	$ 192,422
Special Revenue:		
Transportation	49,239	31,987
Conservation	7,477	11,635
Heritage State Parks and Forests	--	38
Wisconsin Health Education Loan Repayment	16	36
Uninsured Employers	--	2
Mediation	13	6
Agriculture Chemical Cleanup	--	481
Agrichemical Management	25	110
Employe Trust Fund Administration	--	977
Historical Legacy Trust	670	570
Petroleum Inspection	10,969	3,730
Environmental	7,538	2,811
Dry Cleaner Environmental Response	--	41
Recycling	8,133	6,551
Information Technology Investment	--	256
Universal Service	391	1,167
Computer Escrow	64,000	--
Debt Service:		
Bond Security and Redemption	52	463
Transportation Revenue Bonds	--	272
Capital Projects:		
Building Trust	2,179	840
Energy Efficiency	1	--
Capital Improvement	10,509	3,447
Transportation Revenue Bonds	272	44,363
Enterprise:		
State Fair Park	13	1,556
Home for Veterans	35	1,372
Mendota Mental Health Institute	4,595	1,722
Winnebago Mental Health Institute	4,344	1,537
Northern Developmental Disabilities Center	5,312	2,893
Central Developmental Disabilities Center	8,403	3,525
Southern Developmental Disabilities Center	6,493	2,861
Institutional Farm Operations	57	236
Institutional Canteen Operations	2	83
Lottery	692	12,911
Health Insurance Risk Sharing Plan	13	94
Local Government Property Insurance	--	3
State Life Insurance	--	28
Patients Compensation	--	31
Income Continuation Insurance	5,011	--
Duty Disability	8,233	--
Long-term Disability Insurance	13,112	--
Health Insurance	526	60
Tuition Trust	--	725
Environmental Improvement	1	1,233
Veterans Trust	798	206
Veterans Mortgage Loan Repayment	302	896
Wisconsin Education Revenue Bonds	--	370
Transportation Infrastructure Loan	5	--
Wisconsin Public Broadcasting Foundation	1	547
Internal Service:		
Services to Nonstate Governmental Units	216	102
Information Technology Services	7,348	2,720
Materials and Services to State Agencies	756	379

(Continued)

Fund	Due from Other Funds	Due to Other Funds
Fleet Services	1,345	78
Building Construction Services	1,968	325
Printing and Other Services	2,274	184
State Telephone System	9,131	160
Financial Services	47	338
Facilities Operations and Maintenance	5,817	10,897
Risk Management	136	168
Institutional Power Plant	557	300
Central Warehouse	335	18
Badger State Industries	3,706	422
Expendable Trust:		
Petroleum Violation	43	140
Unclaimed Property Program	--	28
Children's Trust	3	--
Accumulated Sick Leave	39,822	57
Special Death Benefits	74	--
Employe Reimbursement Accounts	454	25
Life Insurance	14	32
Deferred Compensation	--	--
Common School Income	--	645
Unemployment Insurance Reserve	205	794
Nonexpendable:		
Common School	12	66
Historical Society	25	61
Pension:		
Wisconsin Retirement System	27,746	84,902
Investment Trust:		
Local Government Pooled Investment	--	34
Milwaukee Retirement Systems	4,455	--
Agency:		
Inmate and Resident	461	79
Support Collection Trust	-	6,361
University of Wisconsin System	40,357	34,838
Total	$ 479,248	$ 479,248

B. Due to/from Component Units

Receivables and payables between funds and component units at June 30, 1999 were as follows (in thousands);

Fund/Component Unit	Due from Component Units/Primary Government	Due to Component Units/Primary Government
Primary Government:		
General Fund	$ 6	$ 387
Enterprise:		
Patients Compensation	12	--
Internal Service:		
Materials and Services to State Agencies	2	--
Fleet Services	1	--
Printing and Other Services	195	--
State Telephone System	70	--
Expendable Trust:		
Petroleum Violation	--	1
University of Wisconsin System	4,879	1,039
Component Unit:		
Wisconsin Housing and Economic Development Authority	--	40
Wisconsin Health Care Liability Insurance Plan	--	12
University of Wisconsin Hospitals and Clinics Authority	1,426	5,112
Total	$ 6,591	$ 6,591

C. Interfund Loans Receivable/Payable

Interfund Loans Receivable	$ 84,707
Interfund Loans Payable	$ 84,707

Interfund Loans Receivable/Payable represent loans from one fund to another to cover cash overdrafts. Interfund loans receivable/payable at June 30, 1999 by individual fund were as follows (in thousands):

Fund	Interfund Loans Receivable	Interfund Loans Payable
General	$ 84,707	$ --
Enterprise:		
Mendota Mental Health Institute	--	8,012
Winnebago Mental Health Institute	--	9,203
Central Developmental Disabilities Center	--	9,467
Northern Developmental Disabilities Center	--	6,669
Southern Developmental Disabilities Center	--	4,943
Institutional Farm Operations	--	4,473
Internal Service:		
Services to Nonstate Governmental Units	--	1,410
Fleet Services	--	23,425
Printing and Other Services	--	3,762
State Telephone System	--	12,721
Institutional Power Plants	--	122
Badger State Industries	--	501
Total	$ 84,707	$ 84,707

D. Advances to/from Other Funds

Advances to/from Other Funds represent long-term loans to one fund from another fund. Advances at June 30, 1999 by individual fund were as follows (in thousands):

Fund	Advances to Other Funds	Advances from Other Funds
Special Revenue:		
Information Technology Investment	$ --	$ 3,308
Capital Projects:		
Energy Efficiency	2,500	--
Internal Service:		
State Telephone System	3,308	--
University of Wisconsin System	--	2,500
Total	$ 5,808	$ 5,808

NOTE 11. INTERFUND TRANSFERS

A. Residual Equity Transfers

Residual equity transfers in and out that occurred during Fiscal Year 1999 were as follows (in thousands):

Fund	Residual Equity Transfers In	Residual Equity Transfers Out
General	$ --	$ 597
Special Revenue:		
Transportation	352	--
Debt Service:		
Bond Security and Redemption	4,000	570
Capital Projects:		
Building Trust	570	--
Capital Improvement	--	31,000
Enterprise:		
Environmental Improvement	31,000	4,000
Mendota Mental Health Institute	51	--
Winnebago Mental Health Institute	193	--
Total Residual Equity Transfers	$ 36,167	$ 36,167

Residual equity transfers to proprietary fund types are reported as additions to contributed capital; those from proprietary fund types are reported as reductions of retained earnings or contributed capital depending on whether the transfers represent a return of contributions. Transfers of purchased fixed assets from a proprietary fund to the General Fixed Assets Account Group are reported as a residual equity transfer out in the proprietary fund type and as an asset in the account group. Transfers of long-term debt from a proprietary fund to the General Long-term Debt Account Group are reported as a reduction of the residual equity transfer out of the proprietary fund and as a liability in the account group.

B. Operating Transfers

Operating transfers in and out that occurred during Fiscal Year 1999 were as follows (in thousands):

Fund	Operating Transfers In	Operating Transfers Out
General	$ 43,015	$ 1,364,348
Special Revenue:		
Transportation	49	20,810
Conservation	13,996	10,599
Wisconsin Elections Campaign	312	--
Agriculture Chemical Cleanup	--	479
Petroleum Inspection	--	1,816
Environmental	12,656	18
Recycling	269	543
Universal Service	--	899
Computer Escrow	64,000	--
Property Tax Relief	100,000	--
Debt Service:		
Bond Security and Redemption	219,263	2,750
Transportation Revenue Bonds	--	2,374
Capital Projects:		
Building Trust	19,968	6,027
Capital Improvement	8,709	6,438
Transportation Revenue Bonds	2,374	579
Enterprise:		
State Fair Park	19	304
Home for Veterans	23	593
Mendota Mental Health Institute	21,197	905
Winnebago Mental Health Institute	16,760	1,851
Northern Developmental Disabilities Center	11	2,696
Central Developmental Disabilities Center	44	2,802
Southern Developmental Disabilities Center	--	2,576
Institutional Farm Operations	867	115
Institutional Canteen Operations	323	331
Lottery	--	13,154
Health Insurance Risk Sharing Plan	11,900	--
Veterans Trust	77	18
Veterans Mortgage Loan Repayment	1,797	3
Wisconsin Public Broadcasting Foundation	--	5,624
Internal Service:		
Services to Nonstate Governmental Units	236	94
Information Technology Services	--	102
Materials and Services to State Agencies	65	--
Fleet Services	71	55
Building Construction Services	91	--
Printing and Other Services	250	--
State Telephone System	9	--
Financial Services	--	421
Facilities Operations and Maintenance	5,491	3,694
Institutional Power Plants	5	41
Central Warehouse	--	5
Badger State Industries	--	412
Expendable Trust:		
Petroleum Violation	--	771
Unclaimed Property Program	--	12,000
Capitol Restoration	--	240
Common School Income	--	1,797
Nonexpendable Trust:		
Common School	12,000	--
Historical Society	100	58
University of Wisconsin System	919,967	7,572
Total	$1,475,914	$1,475,914

(Continued)

NOTE 12. RESTATEMENTS OF BEGINNING FUND BALANCE/RETAINED EARNINGS AND OTHER CHANGES

For Fiscal Year 1999, the following reclassifications and adjustments have resulted in beginning fund balance/retained earnings restatement (in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust
Fund Balances/Retained Earnings June 30, 1998 as previously reported	$ (1,274,406)	$ 182,576	$ 7,055	$ (159,800)	$ 214,089	$ (1,107)	$ 61,413,960
Reclassification of fund structure: Environmental Local Assistance	--	19,216	--	(19,216)	--	--	--
Other adjustments of assets and liabilities as of June 30, 1998	10,158	4,068	(2,009)	(238)	(16,784)	(4,771)	--
Fund balances/retained earnings, July 1, 1998 as restated	$ (1,264,249)	$ 205,861	$ 5,046	$ (179,254)	$ 197,306	$ (5,878)	$ 61,413,960
Effect of restatements on the amount of excess revenues and other sources over expenditures and other uses or the amount of the net income of Fiscal Year 1998	$ 9,607	$ 4,068	$ (2,009)	$ (238)	$ (9,910)	$ 5,247	$ 0

Amounts reported for fixed assets as of July 1, 1998 in Note 4 have been restated from amounts previously reported in the 1998 Comprehensive Annual Financial Report to reflect additional assets identified as existing at that date.

University of Wisconsin System						
Current			Endowment			Component
Unrestricted	Restricted	Loan	And Similar	Plant		Units
$ 190,297	$ 30,885	$ 167,624	$ 281,318	$ 2,827,630	$	475,829
--	--	--	--	--		--
(1,469)	--	--	--	340		--
$ 188,827	$ 30,885	$ 167,624	$ 281,318	$ 2,827,970	$	475,829

NOTE 13. FUND EQUITY

The following schedule enumerates the components of Fund Equity of the various funds as of June 30, 1999 (in thousands):

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types			
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust	University of Wisconsin System	Component Units	Total
Contributed Capital	$ --	$ --	$ --	$ --	$1,062,561	$26,315	$ --	$ --	$ --	$ 1,088,876
Retained Earnings:										
Reserved for:										
Future Benefits	--	--	--	--	9,131	--	--	--	3,880	13,011
Market Value Adjustments	--	--	--	--	81,488	--	--	--	--	81,488
Bonds	--	--	--	--	--	--	--	--	147,859	147,859
Donors for Operations	--	--	--	--	--	--	--	--	1,837	1,837
Unreserved	--	--	--	--	112,850	(13,541)	--	--	366,377	465,686
Fund Balances:										
Reserved for:										
Encumbrances	132,509	514,844	--	175,263	--	--	6,863	77,535	--	907,014
Inventory	10,814	18,796	--	--	--	--	--	26,286	--	55,896
Prepaid Items	177,908	8,959	--	--	--	--	3,845	16,292	--	207,004
Advances to Other Funds	--	--	--	2,500	--	--	--	--	--	2,500
Employe Benefits	--	--	--	--	--	--	46,593,039	--	--	46,593,039
Pool Participants	--	--	--	--	--	--	2,982,436	--	--	2,982,436
Market Value Adjustments	--	--	--	--	--	--	13,433,781	--	--	13,433,781
Unemployment Insurance	--	--	--	--	--	--	1,824,816	--	--	1,824,816
Auxiliary Operations	--	--	--	--	--	--	--	95,639	--	95,639
Restricted Funds	--	257	--	--	--	--	--	4,500	--	4,757
Loan Funds	--	--	--	--	--	--	--	174,145	--	174,145
Endowment and Similar Funds	--	--	--	--	--	--	--	296,985	--	296,985
Plant Funds	--	--	--	--	--	--	--	2,915,976	--	2,919,976
Unreserved:										
Designated for University Contingent Fund	--	--	--	--	--	--	--	3,267	--	3,267
Undesignated	(1,229,946)	(200,756)	6,320	(373,448)	--	--	1,514,842	19,371	--	(263,617)
Total Fund Equity	$ (908,714)	$342,099	$6,320	$(195,685)	$1,266,029	$12,774	$66,359,621	$3,629,994	$519,953	$71,032,391

NOTE 14. DEFICIT FUND BALANCES/RETAINED EARNINGS

In addition to the General Fund, funds reporting a deficit fund balance or retained earnings position at June 30, 1999 are (in thousands):

Special Revenue:	
Petroleum Inspection	$ 230,544
Information Technology Investment	3,253
Capital Projects:	
Capital Improvement	123,969
Transportation Revenue Bonds	108,785
Enterprise:	
Home for Veterans	9,289
Mendota Mental Health Institute	14,653
Winnebago Mental Health Institute	15,412
Northern Developmental Disabilities Center	16,708
Central Developmental Disabilities Center	15,049
Southern Developmental Disabilities Center	21,684
Institutional Farm Operations	15
Health Insurance Risk Sharing Plan	2,705
Duty Disability	151,695
Tuition Trust	451
Veterans Trust	37,154
Internal Service:	
Services to Nonstate Governmental Units	694
Information Technology Services	1,357
Printing and Other Services	1,171
State Telephone Services	1,796
Risk Management	68,281
Institutional Power Plant	3,171

NOTE 15. CONTRIBUTED CAPITAL

During the year, contributed capital increased by the following amounts (in thousands):

	Enterprise	Internal Service
Environmental Improvement Fund – Environmental Protection Agency grant for State revolving fund loans to municipalities	$ 49,607	$ --
Environmental Improvement Fund – Residual equity transfers in from the Capital Improvement Fund totaling $31,000 less return of Contributed Capital to the Bond Security and Redemption Fund of $4,000	27,000	--
Other changes to contributed capital	(4,415)	431
Subtotal	72,192	431
Contributed capital, beginning of year	990,369	25,884
Contributed capital, end of year	$1,062,561	$ 26,315

NOTE 16. RETIREMENT PLAN

The Wisconsin Retirement System (WRS) was established and is administered by the State of Wisconsin to provide pension benefits for State and local government public employes. The WRS consists of the fixed retirement investment trust, the variable retirement investment trust, and the police and firefighters trust. Although separated for accounting purposes, the assets of these trust funds can be used to pay benefits for any member of the WRS, and are reported as one pension plan.

The WRS is considered part of the State of Wisconsin's financial reporting entity. Copies of the separately issued financial report that includes financial statements and required supplementary information for the year ending December 31, 1998, may be obtained by writing to:

Department of Employe Trust Funds
801 West Badger Road
P.O. Box 7931
Madison, WI 53707-7931.

Plan Description

The WRS, governed by Chapter 40 of the Wisconsin Statutes, is a cost-sharing multiple-employer defined benefit pension plan. It provides coverage to all eligible State of Wisconsin, local government and other public employes. Any employe of a participating employer who is expected to work at least 600 hours per year for at least one year must be covered by the WRS. As of December 31, 1998, the number of participating employers was:

State Agencies	59
Cities	153
Counties	71
4th Class Cities	34
Villages	185
Towns	144
School Districts	426
Wisconsin Technical College System Board Districts	16
Cooperative Educational Service Agencies	12
Other	152
Total Employers	1,252

For employes beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested. Employes who retire at or after age 65 (55 for protective occupation employes, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is 2.0 percent for executives, elected officials and protective occupations with social security; 2.5 percent for protective occupations without social security; and 1.6 percent for all others.

Employes may retire at age 55 (50 for protective occupation employes) and receive reduced benefits. Employes terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. The WRS also provides death and disability benefits for employes.

Accounting Policies and Plan Asset Matters

The financial statements of the WRS have been prepared in accordance with generally accepted accounting principles, using the flow of economic resources measurement focus and a full accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

All assets of the WRS are invested by the State of Wisconsin Investment Board. The retirement fund assets consist of shares in the variable retirement investment trust and the fixed retirement investment trust. The variable retirement investment trust consists primarily of equity securities. The fixed retirement investment trust is a balanced investment fund made up of fixed income securities and equity securities. Shares in the fixed retirement investment trust are purchased as funds are made available from retirement contributions and investment income, and sold when funds for benefit payments and other expenses are needed.

The assets of the fixed and variable retirement investment trusts are carried at fair value with all market value adjustments recognized in current operations. Investments are revalued monthly to current market value. The resulting valuation gains or losses are recognized as income, although revenue has not been realized through a market-place transaction.

The WRS does not have any investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5.0 percent or more of plan net assets.

State Contributions Required and Contributions Made

Covered State employes in the General/Teacher category are required by statute to contribute 5.0% of their salary (4.7% for Executives and Elected Officials, 5.4% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employes.

Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits. Required contributions were determined as part of an actuarial valuation at December 31, 1996. State contributions required and made for the years ended December 31, 1998, 1997, and 1996 were as follows (in millions):

	1998	1997	1996
Employer current service	$ 124.1	$ 125.0	$ 120.5
Percent of payroll	5.3%	5.4%	5.6%
Employer prior service	$ 30.6	$ 29.7	$ 28.2
Percent of payroll	1.3%	1.3%	1.3%
Employe required	$ 119.9	$ 116.9	$ 111.1
Percent of payroll	5.0%	5.0%	5.1%
Benefit adjustment contrib.	$ 25.9	$ 29.3	$ 30.2
Percent of payroll	1.1%	1.3%	1.4%
Percent of Required Contributions	100%	100%	100%

The WRS uses the "Entry Age Normal with Frozen Initial Liability" actuarial method in establishing employer contribution rates. Under this method, the unfunded actuarial accrued liability (UAAL) is generally affected only by the monthly amortization payments, compound interest, the added liability created by new employer units, and any liabilities caused by changes in benefit provisions. The UAAL is being amortized over a 40 year period beginning January 1, 1990. However, periodically, the Employe Trust Funds Board has reviewed and, when appropriate, adjusted the actuarial assumptions used to determine this liability. Changes in the assumptions may affect the UAAL, and the resulting actuarial gains or losses are credited or charged to employers' unfunded liability accounts.

All actuarial gains or losses arising from the difference between actual and assumed experience are reflected in the determination of the normal cost.

As of June 30, 1999 and 1998, the WRS's unfunded actuarial accrued liability was $2.1 billion and $2.1 billion, respectively. These amounts are presented as Prior Service Contributions Receivable on the financial statements. New prior service liabilities resulting from employers entering the WRS or increasing their prior service coverage are recognized as contributions in the year service is granted and are added to the Prior Service Contributions Receivable. Employer contributions for prior service reduce the receivable. The receivable is increased as of calendar year end with interest at the assumed interest rate of 8 percent.

Employer Pension Costs

The State's unfunded liability as of June 30, 1999, was $650.2 million, or 31.1 percent of the total WRS unfunded liability of $2.1 billion. This liability is determined in accordance with the provisions of GASB Statement No. 27. The State's unfunded liability for prior service is recorded in the General Long-term Debt Account Group.

NOTE 17. MILWAUKEE RETIREMENT SYSTEMS

The Milwaukee Retirement Systems (MRS), consisting of the City of Milwaukee Retirement System and the Milwaukee Public Schools Retirement System, is reported as an Investment Trust Fund. MRS provides assets to the State of Wisconsin, Department of Employe Trust Funds (DETF) for investing in its Fixed Retirement Investment Trust (FRIT), a "fund" of the Wisconsin Retirement System (WRS). Participation of the MRS in the FRIT is described in the DETF Administrative Code, Chapter 10.12. The State of Wisconsin Investment Board (SWIB) manages the FRIT with oversight by a Board of Trustees as authorized in Wis. Stat. 25.14 and 25.17. SWIB is not registered with the Securities and Exchange Commission as an investment company.

The investments of the FRIT consist of a highly diversified portfolio of securities. Wis. Stat. 25.17(3)(a) allow investments in loans, securities and any other investments as authorized by Wis. Stat. 620.22. Permitted classes of investments include bonds of governmental units or of private corporations, loans secured by mortgages, preferred or common stock, real property and other investments not specifically prohibited by statute.

Investments are revalued monthly to fair value, with unrealized gains and losses reflected in income.

Monthly, the DETF distributes a pro-rata share of the total FRIT earnings less administrative expenses to the MRS accounts. The MRS accounts are adjusted to fair value and gains/losses are recorded directly in the accounts per DETF Administrative Code, Chapter 10.12(2).

Neither State statute, a legal provision nor a legally binding guarantee exists to support the value of shares.

At June 30, 1999, the FRIT held a number of nonnegotiable short-term certificates of deposit. The fair value of these certificates of deposit was approximately $29.4 million, all of which was uncollateralized.

At June 30, 1999, the FRIT held $49,607.3 million of investments of which $561.9 million are classified as cash equivalents. In addition, the FRIT held $3,606.9 million of securities lending collateral. The following table presents investments of the FRIT at June 30, 1999, categorized in accordance with the level of risk requirements of GASB Statement No. 3 (in millions):

	Category			Fair
	1	2	3	Value
Bonds	$ 9,976.7	$ --	$ --	$ 9,976.7
Stocks	14,590.0	7.2	--	14,597.2
Repurchase Agreements	607.4	--	--	607.4
Bankers Acceptances	204.1	--	--	204.1
Total	$ 25,378.2	$ 7.2	$ --	25,385.4
Options				69.5
Private Placements				3,123.6
Limited Partnerships				2,264.7
Pooled Equities				13,446.9
Pooled Bonds				3,815.3
Mortgages				86.9
Real Estate Owned				503.4
Financial Futures Contracts				.7
International Cash and Cash Equivalents				561.9
Investments Held by Broker Dealers under Securities Loans:				
Bonds				2,374.9
Equities				1,143.7
Securities Lending Cash Collateral Pooled Investments				453.7
				$ 53,230.6

The following schedule provides summary information by investment classification for the FRIT at June 30, 1999 (in thousands):

Classification	Interest/Coupon Rates	Maturity Dates	Cost	Fair Value
Bonds	Variable and .90 to 19.2	7/99 to 1/36	$ 13,700,303	$ 13,805,364
Common and Preferred Stock	N/A	N/A	22,083,668	29,187,863
Options	N/A	N/A	43,904	69,536
Limited Partnerships Real Estate	N/A	N/A	2,047,712	2,264,658
Mortgages	8.25 to 12.25	7/99 to 6/22	79,566	86,938
Real Estate	N/A	N/A	479,657	503,389
Financial Futures Contracts	N/A	N/A	--	747
Private Placements	Variable and 5.3 to 14.75	7/99 to 12/31	2,973,529	3,123,538
Total Investments			$ 41,408,339	$ 49,042,033

Significant financial data for the FRIT for the year ended June 30, 1999 is presented below (in thousands):

Fixed Retirement Investment Trust
Condensed Statement of Net Assets
As of June 30, 1999

Assets:	
Cash and Cash Equivalents	$ 1,883,125
Securities Lending Collateral	3,606,926
Prepaid Items	1,010
Due from Other Funds	41
Investment Receivables	906,203
Investments, at Fair Value	49,042,034
Total Assets	$ 55,439,338
Liabilities:	
Securities Lending Collateral Liability	$ 3,606,926
Investment Payables	313,443
Total Liabilities	3,920,368
Net Assets Held in Trust of:	
Internal Investment Pool Participants	51,400,025
Milwaukee Retirement Systems	118,945
	$ 51,518,970

Fixed Retirement Investment Trust
Condensed Statement of Changes in Net Assets
For the Year Ended June 30, 1999

Additions:	
Net Appreciation (Depreciation) in Fair Value of Investments	$ 2,858,607
Interest	1,179,826
Dividends	379,646
Real Estate Income	49,524
Securities Lending Income	201,070
Other	66,949
Total Additions	4,735,622
Deductions:	
Investment Expense	61,337
Securities Lending Rebates and Fees	185,330
Net Withdrawals by Pool Participants	321,787
Total Deductions	568,454
Net Increase (Decrease)	4,167,168
Net Assets Held in Trust for Pool Participants	
Beginning of Year	47,351,802
End of Year	$ 51,518,970

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the State participates in the Department of Employe Trust Funds administered post retirement life insurance and health insurance benefit programs. The State provides life and health insurance benefits for retired employes in accordance with Chapter 40 of the Wisconsin Statutes.

Post retirement life insurance is provided to employes retiring before age 65 if they (1) have 20 years of creditable service, and (2) are eligible for a retirement annuity. This coverage is at the employe's expense (employe must pay the full premium) until age 65 when reduced coverage is provided at no cost. Employes retiring at or after age 65 are immediately eligible for reduced coverage at no cost. Beginning in the month in which an insured annuitant reaches age 65, premiums are no longer collected and coverage is continued for life. Approximately 11,666 State annuitants currently qualify for coverage without premium. Post retirement life insurance is fully insured by an independent insurance carrier. Premiums are prefunded with employer paid premiums during the employe's active career. The amount of premiums is determined by the insurer. The accrued liability and assets specifically related to post employment benefits could not be determined.

In accordance with Chapter 40, Wisconsin Statutes, the State also provides that employes retiring and beginning an immediate annuity are eligible for conversion of unused sick leave to post retirement health insurance. At the time of eligibility for an immediate annuity or employe's death, that employe's accumulated unused sick leave balance may be converted at the employe's current rate of pay to credits for the payment of health insurance premiums for the employe or the employe's surviving dependents. The program also provides partial matching of sick leave accumulation depending on years of service and employment category. Health insurance premiums are paid on the employe, or employe's dependents behalf, until the sick leave conversion credits are exhausted. At that time, the employe has the option to continue coverage by paying the total cost of the premiums. Approximately 7,752 annuitants are currently receiving health insurance coverage through sick leave conversion credits. Accumulated sick leave conversion is prefunded based on an actuarially determined percentage of payroll. The actuarial valuation is based on the entry age actuarial cost method.

Significant actuarial assumptions include an 8 percent assumed interest rate, 4.8 percent assumed annual salary growth, and an average sick leave accumulation of 6.0 days per year for non-University employes and 7.2 days per year for University employes. The assets and reserves of the sick leave conversion program are accounted for as an expendable trust fund. The accrued liability for the post retirement health insurance benefits at December 31, 1998, determined through an actuarial valuation performed on that date, was $816.0 million. The program's assets on that date were $434.0 million. The unfunded liability was $382.0 million.

Assets of the life insurance and health insurance benefit programs are valued at fair value.

The State's postemployment life and health insurance required and actual contributions totaled $3.2 million and $69.2 million, respectively, during the calendar year ended December 31, 1998.

NOTE 19. PUBLIC ENTITY RISK POOLS ADMINISTERED BY THE DEPARTMENT OF EMPLOYE TRUST FUNDS

The Department of Employe Trust Funds operates four public entity risk pools: group health insurance, group income continuation insurance, protective occupation duty disability insurance and long-term disability insurance. The information provided in this note applies to the period ending December 31, 1998.

A. Description of Funds

The Health Insurance Fund offers group health insurance for current and retired employes of the State government and of participating local public employers. All public employers in the State are eligible to participate. One hundred eighty-four local employers plus the State currently participate. The State and local government portions of the fund are accounted for separately and have separate contribution rates, benefits, and actuarial valuations. The fund includes both a self-insured, fee-for-service plan as well as various prepaid plans, primarily Health Maintenance Organizations (HMO's).

The Income Continuation Insurance Fund offers disability wage continuation insurance for current employes of the State government and of participating local public employers. All public employers in the State are eligible to participate. Ninety-one local employers plus the State currently participate. The State and local government portions of the fund are accounted for separately and have separate contribution rates, benefits, and actuarial valuations. The plan is self-insured.

The Duty Disability Fund offers special disability insurance for State and local Wisconsin Retirement System participants in protective occupations. Participation in the program is mandatory for all Wisconsin Retirement System employers with protective occupation employes. Four hundred thirty-two local employers plus the State currently participate. The plan is self-insured and risk is shared between the State and local portions of the plan.

The Long-term Disability Insurance Fund offers long-term disability benefits to participants in the Wisconsin Retirement System (WRS). The long-term disability benefits provided by this program are an alternative coverage to that currently provided by the WRS. All new WRS participants on or after October 15, 1992, are eligible only for the long-term disability insurance coverage, while participating employes active prior to October 15, 1992, may elect coverage through WRS or the long-term disability insurance program.

B. Accounting Policies for Risk Pools

Basis of Accounting - All Public Entity Risk Pools are accounted for in enterprise funds using the full accrual basis of accounting and the flow of economic resources measurement focus.

Valuation of Investments - Assets of the Health Insurance Fund are invested in the State Investment Fund. Assets of the Income Continuation Insurance, Duty Disability and Long-term Disability Insurance funds are invested in the fixed retirement investment trust. Investments are valued at fair value.

Unpaid Claims Liabilities - Claims liabilities are based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The estimate includes the effects of inflation and other societal and economic factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Unpaid claims liability is presented at face value and is not discounted for health insurance. It is discounted using interest rates of 8 percent for income continuation and long-term disability insurance, and 5 percent for duty disability insurance. The unpaid claims liability for health insurance was calculated by the State. The liabilities for income continuation, long-term disability, and duty disability insurance were determined by actuarial methods. The Duty Disability Fund's accounting deficit is being amortized over a twenty-three year period beginning January 1, 2000. Face values are not available.

Administrative Expenses - All maintenance expenses are expensed in the period in which they are incurred. Acquisition costs are immaterial and are treated as maintenance expenses. Premium deficiencies are not calculated because acquisition costs are immaterial. Claim adjustment expenses are also immaterial.

Reinsurance - Health insurance plans provided by HMO's and health insurance for local government annuitants are fully insured by outside insurers. All remaining risk is self-insured with no reinsurance coverage.

Risk Transfer - Participating employers are not subject to supplemental assessments in the event of deficiencies. If the assets of the fund were exhausted, participating employers would not be responsible for the fund's liabilities.

Premium Setting - Premiums are established by the Group Insurance Board (Health, Income Continuation Insurance and Long-term Disability Insurance) and the Employe Trust Funds Board (Duty Disability) in consultation with actuaries.

C. Unpaid Claims Liabilities

As discussed in Section B of this Note, each fund establishes a liability for both reported and unreported insured events, which is an estimate of future payments of losses. The following represents changes in those aggregate liabilities for the nonreinsured portion of each fund during Calendar Year 1998 (in millions):

	Health Insurance		Income Continuation Insurance		Duty Disability		Long-term Disability Insurance	
	1997	1998	1997	1998	1997	1998	1997	1998
Unpaid claims at beginning of the calendar year	$ 9.1	$8.9	$42.5	$44.2	$187.4	$197.0	$10.8	$ 14.6
Incurred claims:								
Provision for insured events of the current calendar year	55.5	58.5	19.1	19.2	14.1	16.9	4.5	7.7
Changes in provision for insured events of prior calendar years	(0.5)	(0.2)	(9.8)	(11.5)	9.3	16.9	1.2	(0.6)
Total incurred claims	55.0	58.3	9.3	7.7	23.4	33.8	5.7	8.3
Payments:								
Claims and claim adjustment expenses attributable to insured events of the current calendar year	45.8	42.4	2.5	2.4	0.0	0.1	0.0	0.1
Claims and claim adjustment expenses attributable to insured events of prior calendar years	9.4	8.2	5.1	5.3	14.4	15.4	2.0	2.9
Total Payments	55.2	50.6	7.6	7.7	14.4	15.5	2.0	3.0
Total unpaid claims expenses at end of the calendar year	$ 8.9	$ 16.6	$44.2	$44.2	$197.0	$215.3	$14.6	$19.9

D. Trend Information

Historical trend information showing revenue and claims development information is presented in the Department of Employe Trust Funds December 31, 1998 audited financial statements. Copies of these statements may be requested from:

The Department of Employe Trust Funds
801 West Badger Road
P.O. Box 7931
Madison, Wisconsin 53707-7931

NOTE 20. SELF-INSURANCE

It is the general policy of the State not to purchase commercial insurance for the risks of losses to which it is exposed. Instead, the State believes it is more economical to manage its risks internally and set aside assets for claim settlement in its internal service fund, the Risk Management Fund. The fund services most claims for risk of loss to which the State is exposed, including damage to State owned property, liability for property damages and injuries to third parties, and worker's compensation. All funds and agencies of the State participate in the Risk Management Fund.

State Property Damage

Property damages to State-owned properties are covered by the State self-funded property program up to $2.5 million in an annual aggregate. Insurance is purchased for losses in excess of this amount. The excess limits were written to $200 million during Fiscal Year 1999.

The liabilities for State property damage are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The estimate for future benefits and loss liabilities is based on the reserves on open claims and paid claims. Losses incurred but not reported are expected to be immaterial. Claims incurred but not paid as of June 30, 1999 are estimated to total $1.8 million. This amount, less $.6 million of which the State will be reimbursed through excess insurance coverage, is reported as future benefits and loss liabilities.

Property Damages and Bodily Injuries to Third Parties

The State is self-funded for third party liability to a level of $2 million per occurrence and purchases insurance in excess of this self-funded retention. The policy limit during Fiscal Year 1999 was $50 million.

The liabilities for property damages and injuries to third parties are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The estimate for future benefits and loss liabilities for the prior fiscal year was the reserves on open claims. The estimate for future benefits and loss liabilities is calculated by an actuary based on the reserves on open claims and prior experience. No liability is reported for environmental impairment liability claims either incurred or incurred but not reported because existing case law makes it unlikely the State would be held liable for material amounts. Because actual claims liabilities depend upon complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims incurred but not paid as of June 30, 1999 are estimated to total $39.2 million.

Worker's Compensation

The Worker's Compensation Program was created by Wisconsin Statutes Chapter 102 to provide benefits to workers injured on the job. All employes of the State are included in the program. An injury is covered under worker's compensation if it is caused by an accident that arose out of and in the course of employment.

The responsibility for claiming compensation is on the employe. A claim must be filed with the program within two years from the date of injury, otherwise the claim is not allowable.

The worker's compensation liability has been determined by an actuary using paid claims and current claims reserves. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by external factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims incurred but not paid as of June 30, 1999 are estimated to total $40.0 million.

Changes in the balances of claims liability for the Risk Management Fund during the current and prior fiscal years are as follows (in thousands):

	1999	1998
Beginning of fiscal year liability	$ 78,654	$ 77,544
Current year claims and changes in estimates	20,745	20,365
Claim payments	(18,870)	(19,255)
Balance at fiscal year-end	$ 80,529	$ 78,654

Annuity Contracts

The Risk Management Fund purchased annuity contracts in various claimants' names to satisfy claim liabilities. The likelihood that the fund will be required to make future payments on those claims is remote and, therefore, the fund is considered to have satisfied its primary liability to the claimants. Accordingly, the annuity contracts are not reported in, and the related liabilities are removed from, the fund's balance sheet. The aggregate outstanding amount of liabilities removed from the financial statements at June 30, 1999 is $ 2.9 million.

NOTE 21. INSURANCE FUNDS

A. Local Government Property Insurance Fund

Created by the Legislature in 1911, the purpose of the Local Government Property Insurance Fund is to provide property insurance coverage to tax-supported local government units such as counties, towns, villages, cities, school districts and library boards. Property insured includes government buildings, schools, libraries and motor vehicles. Coverage is available on an optional basis. As of June 30, 1999, the Local Government Property Insurance Fund insured 1,127 local governmental units. The total amount of insurance in force as of June 30, 1999 was $22.8 billion.

Valuation of Cash Equivalents and Investments - All investments of the Local Government Property Insurance Fund are managed by the State of Wisconsin Investment Board, as discussed in Note 3-B to the financial statements. At June 30, 1999, the fund had $5.6 million of shares in the State Investment Fund which are considered cash equivalents and $16.0 million of high grade, long-term, fixed income obligations.

Premium - Unearned premium reported as deferred revenue represents the daily pro rata portion of premium written which is applicable to the unexpired terms of the insurance policies in force. Policies are generally written for annual terms.

Unpaid Claims Liabilities - The Local Government Property Insurance Fund establishes future benefits and loss liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. The liability for losses is not discounted to present value. Claims liabilities are recomputed periodically to produce current estimates that reflect recent settlements, claim frequency, and other economic factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to future benefits and loss liabilities are charged or credited to expense in the periods in which they are made.

Policy Acquisition Costs - Since the Local Government Property Insurance Fund has no marketing staff and incurs no sales commissions, acquisition costs are minimal and charged to operations as incurred.

Premium Deficiency – Investment income is considered in determining whether a premium deficiency exists. No premium deficiency existed at June 30, 1999.

Reinsurance - The Local Government Property Insurance Fund uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the fund as direct insurer of the risks reinsured. The fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. As of June 30, 1999 the fund had $200 million of per occurrence excess of loss reinsurance in force with a $500 thousand combined single limit retention for each occurrence, and an annual aggregate reinsurance contract with a $6 million annual aggregate retention plus a per claim retention of $10 thousand once the aggregate is met, as respects occurrences for the term of the agreement. Due to a change in the reimsurance term to coincide with the fund's fiscal year, a short period reinsurance contract was implemented for the period December 1, 1997 through June 30, 1998, with a prorated aggregate retention for that period of $3.5 million. Premium ceded to reinsurers during the fiscal year amounted to $1.1 million. Reinsurance loss and adjusting expense recoveries earned for the year amounted to $5.5 million.

Unpaid Claims Liabilities

As discussed above, the Local Government Property Insurance Fund establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the fund during the past two fiscal years (in thousands):

	1999	1998
Unpaid claims and claim adjustment expenses at beginning of the year	$11,049	$4,298
Less: Reinsurance recoverable	(6,682)	(1,055)
Net unpaid loss liability at beginning of year	4,367	3,243
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	8,528	8,050
Increase (decrease) in provision for insured events of prior years	(135)	(1,036)
Total incurred claims and claim adjustment expenses	8,393	7,014
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	4,505	4,561
Claims and claim adjustment expenses attributable to insured events prior years	3,811	1,334
Total payments	8,316	5,895
Net unpaid claims and claim adjustment expenses at end of year	4,444	4,362
Reinsurance recoverable	6,431	6,687
Total unpaid claims and claim adjustment expenses	$10,875	$11,049

Trend Information

Historical trend information showing revenue and claims development information is presented in the Office of the Commissioner of Insurance June 30, 1999 financial statements. Copies of these statements may be requested from:

Office of the Commissioner of Insurance
121 East Wilson Street
Madison, Wisconsin 53702

B. State Life Insurance Fund

The State Life Insurance Fund was created under Chapter 607, Wisconsin Statutes, to offer life insurance to residents of Wisconsin in a manner similar to private insurers. This fund functions much like a mutual life insurance company and is subject to the same regulatory requirements as any life insurance company licensed to operate in Wisconsin.

Premiums are reported as earned when due. Benefits and expenses are associated with earned premiums so as to result in recognition of profits over the life of the contracts. This association is accomplished by means of the provision for liabilities for future benefits and the amortization of acquisition costs.

The costs of policy issuance and underwriting, all of which vary with, and are primarily related to, the production of new business, have been deferred. These deferred acquisition costs are amortized over a forty year period, considered representative of the life of the contract. The amortization is in proportion to the ratio of annual in-force business to the amount of business issued. Such anticipated in-force business was estimated using similar assumptions to those used for computing liabilities for future policy benefits.

Deferred Acquisition Cost Assumptions

Issue Years	Interest Rate	Lapse Rate	Mortality
1913-1966	3.0%	2.0%	None
1967-1976	3.0	2.0	None
1977-1985	4.0	2.0	None
1986-1994	5.0	2.0	None
1995+	4.0	2.0	None

Amortization for the year ended June 30, 1999 amounted to $59 thousand. The State Life Insurance Fund does not pay commissions nor does it incur agent expenses.

Future benefits and loss liabilities have been computed by the net level premium method based upon estimated future investment yield and mortality. The composition of liabilities and the more material assumptions pertinent thereto are presented below (in thousands):

Issue Year	Ordinary Life Insurance in Force	Amount of Policy Liability
1913-1966	$ 16,047	$ 9,411
1967-1976	43,852	14,551
1977-1985	89,836	17,875
1986-1994	57,555	4,475
1995+	21,061	1,136
	$ 228,351	$ 47,448

Bases of Assumptions

Issue Year	Interest Rate	Mortality
1913-1966	3.0%	American Experience, ALB*
1967-1976	3.0	1958 CSO, ALB, Unisex
1977-1985	4.0	1958 CSO, ALB, Female Setback 3 years
1986-1994	5.0	1980 CSO, ALB, Aggregate
1995+	4.0	1980 CSO, ALB, Aggregate

* Age Last Birthday

All of the State Life Insurance Fund's ordinary life insurance in force is participating. This fund is required by statute to maintain surplus at a level between 7 percent and 10 percent of statutory admitted assets as far as practicably possible. All excess surplus is to be returned to the policyholders in the form of policyholder dividends. Policyholder dividends are declared each year in order to achieve the required level of surplus.

The statutory assets at December 31, 1998 were $67.4 million and the statutory capital and surplus were $7.0 million, and the capital and surplus at June 30, 1999 was $9.7 million.

C. Patients Compensation Fund

The Patients Compensation Fund was created in 1975 for the purpose of providing excess medical malpractice insurance for health care providers in the state. The Patients Compensation Fund pays that portion of a medical malpractice claim which is in excess of the legal primary insurance limit prescribed under law, or the maximum liability limit for which the health provider is insured, whichever limit is greater. Most health care providers permanently practicing or operating in the State of Wisconsin are required to pay Patients Compensation Fund operating fees. Risk of loss is retained by the fund.

The Future Benefits and Loss Liability Account includes individual case estimates for reported losses and estimates for incurred but not reported losses based upon the projected ultimate losses. Individual case estimates of the liability for reported losses and net losses paid from inception of the Patients Compensation Fund are deducted from the projected ultimate loss liabilities to determine the liability for incurred but not reported losses as of June 30, 1999 as follows (in thousands):

Projected ultimate loss liability	$ 1,085,591
Less: Net loss paid from inception	(423,320)
Less: Liability for reported losses	(28,252)
Liability for incurred but not reported losses	$ 634,019

The Future Benefits and Loss Liability Account also includes a provision for the estimated future payment of the costs to settle claims. These ultimate loss adjustment expenses as of June 30, 1999 are estimated at 5.0 percent of the projected ultimate loss liabilities. The loss reserves are actuarially determined. The loss adjustment expenses paid from the inception of the Patients Compensation Fund are deducted from the projected ultimate loss adjustment expenses provision to determine the liability for loss adjustment expenses as of June 30, 1999 as follows (in thousands):

Projected ultimate loss adjustment expense liability	$ 54,280
Less: Loss adjustment expense paid from inception	(23,433)
Liability for loss adjustment expense	$ 30,847

The uncertainties inherent in projecting the frequency and severity of large claims because of the Patients Compensation Fund's unlimited liability coverage, and extended reporting and settlement periods, makes it likely that the amounts ultimately paid will differ from the recorded estimated liabilities. These differences cannot be quantified.

The liability for reported losses, liability for incurred but not reported losses, and liability for loss adjustment expense is maintained on a present value basis with the difference from full value being reported as a contra account to the loss reserve liabilities. The loss reserve liabilities are discounted only to the extent that they are matched by cash and invested assets. If all loss liabilities are discounted, the discounted loss liability would be as follows as of June 30, 1999 (in thousands):

Estimated unpaid loss liabilities	$ 662,272
Estimated unpaid loss adjustment expense	30,847
Total estimated loss liabilities	693,119
Less: Amount representing interest	205,163
Discounted loss liabilities	$ 487,956

The future benefits and loss liabilities are continually reviewed as adjustments to these liabilities become necessary. Such adjustments are reflected in current operations. Because of the changes in these estimates, the benefit expense for the fiscal year is not necessarily indicative of the loss experience for the year.

D. Health Insurance Risk Sharing Plan

The Health Insurance Risk Sharing Plan Fund was established in 1980 to provide major medical and Medicare supplemental insurance for persons unable to obtain this insurance in the private market, or who can only obtain substandard or excessively costly insurance due to their health status, or have tested positive for the presence of HIV, products of HIV, or an antibody to HIV. The Health Insurance Risk Sharing Plan is funded primarily by premiums paid by insureds of the plan, assessments made to participating insurers, reduction of provider payments rates, and general purpose revenue from the State of Wisconsin.

The financial statements of the Health Insurance Risk Sharing Plan fund are prepared in conformity with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board. Premiums are recognized as revenues over the terms of the insurance policies, and a liability for unearned premiums is established to reflect premiums received applicable to subsequent accounting periods. Participating insurers are assessed every six months, and revenue is recognized in the period covered by the assessments.

The future benefits and loss liabilities include loss reserves reflecting the accumulation of losses reported but not paid prior to the close of the accounting period and estimates of incurred but unreported losses. Loss reserves are actuarially determined and are based on historical patterns of claim payments and represent the estimated ultimate cost of settling claims incurred prior to June 30. Due to the inherent uncertainties in the reserving process, loss reserves as computed may not reflect the actual payments ultimately to be made. The methods for making such estimates and for establishing the resulting reserves are continually reviewed, and any adjustments are reflected in earnings currently.

The following represents changes in the Future Benefit and Loss Liability account balances for the prior two fiscal years (in thousands):

	1999	1998
Balance, beginning of year	$ 10,461	$ 7,298
Incurred related to:		
Current year	35,891	41,682
Prior years	(4,488)	(768)
Total Incurred	31,403	40,914
Paid related to:		
Current year	26,435	31,304
Prior years	5,973	6,447
Total Paid	32,408	37,751
Balance, end of year	$ 9,456	$ 10,461

The Future Benefits and Loss Liability Account also includes a reserve for loss adjustment costs to be incurred in settlement of the claims provided for in the loss reserves.

E. Wisconsin Health Care Liability Insurance Plan

The Wisconsin Health Care Liability Insurance Plan (the Plan) is a statutory unincorporated association established by rule of the Commissioner of Insurance of the State of Wisconsin as mandated by the State of Wisconsin legislature. The Plan provides health care liability insurance and liability coverages normally incidental to health care liability insurance to eligible health care providers in the State of Wisconsin calling for payment of premium prior to the effective date of the policy. All insurers authorized to write personal injury liability insurance in the State of Wisconsin, with certain minor exceptions, are required to be members of the Plan.

The Plan generates its premium written revenue by selling medical malpractice insurance. Rates are calculated in accordance with generally accepted actuarial principles. The rates are set so that the Plan will be self-supporting. Profit is not the intent of the Plan.

Since the inception of the Plan in 1975, the health care liability coverage limits have increased from $200 thousand per occurrence and $600 thousand annual aggregate to the current limits of $1.0 million per occurrence and $3.0 million annual aggregate effective July 1, 1998. A general liability coverage is also available to participating health care providers with limits of $1.0 million per occurrence and $3.0 million annual aggregate effective July 1, 1990. The Plan is not covered under any reinsurance contracts.

In the event that sufficient funds are not available for the sound financial operation of the Plan, all members shall, on a temporary basis, contribute to the financial needs of the Plan. Members shall participate in the contributions in the proportion of their respective premiums to the aggregate premiums written by all members of the Plan. Such assessments shall be recouped by rate increases applied prospectively. There were no assessments for the year ended December 31, 1998.

The future benefits and loss liability includes amounts determined from individual reported losses (case reserves) and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liability will differ from the amounts provided. The methods for making such estimates and for establishing the resulting liability are annually reviewed, and any adjustments are reflected in income currently. Specific account balances as of December 31, 1997 and December 31, 1998, are as follows (in thousands):

	1998	1997
Balance at January 1	$ 126,084	$ 135,147
Incurred related to:		
Current year	6,510	7,354
Prior years	(14,671)	(12,252)
Total Incurred	(8,161)	(4,898)
Paid related to:		
Current year	122	122
Prior years	2,025	4,043
Total paid	2,147	4,165
Balance at December 31	$ 115,776	$ 126,084

As a result of changes in estimates of insured events of prior years, the provisions for losses and loss adjustment expenses were decreased as indicated in the table above. Also, because of the significant length of time between the date these type of losses are reported and paid, these changes were greater than actual losses incurred for the current year, causing negative incurred losses.

NOTE 22. LITIGATION, CONTINGENCIES AND COMMITMENTS

A. Litigation and Contingencies

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations.

Claims and Judgments Reported in General Long-term Debt Account Group

The State accrues liabilities related to legal proceedings, if a loss is probable and reasonably estimable. Such losses, totaling $2.3 million on June 30, 1999 and reported in the General Long-term Debt Account Group, are discussed below:

Litigation - The Department of Health and Family Services is involved in various legal proceedings where the ultimate disposition is estimated at $.5 million which is reported in the General Long-term Debt Account Group.

Other Claims - Work Injury Supplemental Benefits - The Work Injury Supplemental Benefit Fund, administered by the Department of Workforce Development, provides compensatory payments to survivors of fatally injured employes or disabled employes with work-related injuries. The liability for annuities to be paid to the above individuals totaled $1.8 million at June 30, 1999, and is reported in the General Long-term Debt Account Group.

Tax Refunds Reported in the General Fund

Corporate Tax Apportionment Methodology - Due to a Wisconsin Tax Appeals Commission (the Commission) ruling in NCR Corporation v. Wisconsin Department of Revenue, settlement has been reached for refunds of State corporate income taxes, with interest. The Commission ruled that the method used by the State for apportioning taxable income to Wisconsin by multi-state corporations was unconstitutional. The Wisconsin Department of Revenue has estimated that the amount to be paid by the State is $11.5 million, which is reported in the General Fund as Tax Refunds Payable.

Other Claims, Judgments, and Contingencies

The State is also named as a party in other legal proceedings where the ultimate disposition and consequence are not presently determinable. However, the ultimate dispositions and consequences of any single legal proceeding or all legal proceedings collectively should not have a material adverse effect on the State's financial position, except as noted below.

Grants - The State has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the State.

Wage Overtime Case - In May 1995, the Seventh Circuit Court of Appeals entered judgment relating to *Gerald Mueller vs Ronald Fiedler et al*, an action which was originally brought on behalf of certain State employes who have been categorized exempt from the Fair Labor Standards Act (FLSA) overtime provisions. The plaintiffs sought back-pay for overtime worked, plus liquidated damages, and attorney's fees.

The Seventh Circuit Court of Appeals reversed an earlier Federal District Court decision. The District Court had held that the Federal Department of Labor's criterion (known as the "salary basis test") for ruling that exempt employes are entitled to overtime pay was contrary to the intent of Congress because it would be unconstitutional to apply it to the State. The Circuit Court of Appeals held that the criterion was not unconstitutional as applied to the State because the test was equally valid in both the private sector as well as the public sector.

Currently, the State has petitioned the U.S. Supreme Court to review by writ of certiorari. Although at this time it is premature to estimate the potential impact of an unfavorable decision, a preliminary estimate indicates that the liability of the State could be approximately $3.0 million. Due to the uncertainty in predicting the outcome and the amount of the settlement, a liability has not been recorded as of June 30, 1999.

Wisconsin Central Ltd. v. Wisconsin Department of Revenue, et al - This is a court action in which 14 railroads are challenging the Wisconsin Department of Revenue's assessment of taxes for the 1989 through 1993 tax years. The Wisconsin Department of Revenue issued assessments on previously untaxed personal property of railroads based on a 1994 U.S. Supreme Court decision favorable to states under the Federal Railroad Revitalization and Regulatory Reform Act (4-R Act). The railroads allege that the reassessment violates State and Federal statutory and constitutional provisions. In addition, the railroads are challenging a portion of their 1994 and 1995 assessments under the 4-R Act.

The State has prevailed in the federal court actions, both of which were sustained on appeal. The State has prevailed on a number of preliminary issues in the State court actions. If the State were not to prevail, a preliminary estimate indicates that refunds of approximately $14.0 million would have to be paid to the claimants. Due to the uncertainty in predicting the outcome, a liability has not been recorded as of June 30, 1999.

Corporate Tax Measured by Interest from U.S. Securities - In this corporate franchise tax case, American Family Mutual Insurance Company and American Standard Insurance Company sought refunds of taxes paid that were measured by U.S. interest.

Federal law prohibits an income tax on U.S. interest, but allows a non-discriminatory franchise tax measured on U.S. interest. The insurance companies argued that because bonds authorized by the State for housing and development were exempt from State taxes, that the franchise tax was discriminatory. The State had heretofore held that the exemption applied only to direct State taxes and had uniformly included interest on the State authorized bonds in the franchise tax measure. The Wisconsin Tax Appeals Commission and the County Circuit Court upheld the State.

The Court of Appeals, District IV, reversed the decisions. The Supreme Court reversed the Court of Appeals. The taxpayers maintain that the decision is not applicable to 1993 and 1994. The State maintains the principles of the decision are applicable to the subsequent years.

Due to the uncertainty in predicting the outcome, a liability has not been recorded as of June 30, 1999.

Federal Pension Income - Due to an adverse decision in Hogan et al v. Wisconsin Department of Revenue, settlement has been reached with approximately 3,200 military retirees and 14,000 federal civilian retirees for refunds of State income taxes, with interest, for the period 1984 through 1988. Hogan relied on the United States Supreme Court ruling in *Davis v. Michigan Department of the Treasury* that state governments may not discriminate against federal retirees in the taxation of their retirement benefits based on the source of such payments. The Department of Revenue is currently engaged in litigation with various individuals as to whether or not they were federal employes and, thus, included under the *Davis V. Michigan Department of the Treasury* decision. The Department of Revenue has prevailed on the major remaining issue before the Wisconsin Tax Appeals Commission. The matter is before the Circuit Court awaiting decision. The Department of Revenue is confident that it will prevail on this issue, as well as the others. Because a fiscal impact cannot be readily determined if the State were not to prevail, and due to the uncertainty in predicting the outcome, a liability has not been recorded.

Environmental Clean-up Actions - The State is involved in environmental clean-up of property owned by the State that has the potential to cause soil and groundwater contamination. Thirty-one sites have soil and/or groundwater contamination associated with underground storage tank releases with an estimated remediation cost of $1.6 million. The cost of remediation has not been determined for approximately 15 storage tanks installed prior to the enactment of the new underground storage tank regulations which remain in service. The estimated cost of removing the tanks is $0.2 million.

The State is also involved in environmental remediations on 15 properties that do not involve releases from underground storage tanks, with an estimated cost of $3.5 million.

B. Commitments

In addition to legal proceedings, the State is party to commitments which normally occur in governmental operations.

In addition to the amount of encumbrances outstanding at June 30, 1999 reported as Fund Balance - Reserved for Encumbrances, additional obligations at June 30, 1999 representing multi-year, long-term commitments included (in thousands):

Transportation Fund	$ 184,668
Transportation Revenue Bonds Capital Projects Fund	18,674
General Fund – Department of Commerce programs, including economic and community development programs	2,297

The Environmental Improvement Fund (the Fund) was established to administer the Clean Water Fund Loan Program. Loans are made to local units of government for wastewater treatment projects for terms of up to 20 years. These loans are made at a number of prescribed interest rates based on environmental priority. The loans contractually are revenue obligations or general obligations of the local governmental unit. Additionally, various statutory provisions exist which provide further security for payment. The fund has made financial assistance commitments of $137.2 million as of June 30, 1999. These loan commitments are expected to be met through additional federal grants and proceeds from issuance of revenue obligations.

In addition, the revenue obligation bonds of the Leveraged Loan Program in the Fund are collateralized by a security interest in all the assets of the Leveraged Loan Program. Neither the full faith and credit nor the taxing power of the State is pledged for the payment of the Fund's revenue obligation bonds. However, as the loans granted to local units of government are at an interest rate less than the revenue bond rate, the State is obligated by the Fund's General Resolution to fund, at the time each loan is made, a reserve which subsidizes the Leveraged Loan Program in an amount which offsets this interest disparity.

Also, Wisconsin Statutes require that the Fund provide financial hardship assistance for those communities that qualify under Wis. Stat. Sec. 281.58. This assistance may come in the form of

reduced interest rates or grants (not to exceed 70 percent of project costs). At fiscal year ended June 30, 1999, future commitments for hardship grants totaled $19.6 million.

The Wisconsin Housing and Economic Development Authority's mission was expanded since its creation to include administration of the Agricultural and Business Programs. These programs administer funds that are legislatively appropriated to subsidize interest and provide guarantees of principal balances of qualifying loans. At June 30, 1999, outstanding loan guarantees totaled $40.7 million.

The *Patients Compensation Fund* may be required to purchase an annuity as a result of a claim settlement. Under specific annuity arrangements, the fund may have ultimate responsibility for annuity payments if the annuity company and the reassignment company default on annuity payments. One of the fund's annuity providers has defaulted on $600 thousand in annuity payments. The total estimated replacement value of the fund's annuities as of June 30, 1999 was $115.2 million. The fund reserves the right to pursue collection from State guarantee funds.

State Public Deposit Guarantee - As required by Wis. Stat. Sec. 34.08, the State is to make payments to public depositors for proofs of loss (e.g., loss resulting from a bank failure) up to $400 thousand per depositor above the amount of federal insurance. This statutory requirement guarantees that the State will make payments in favor of the public depositor that has submitted a proof of loss. Payments would be made in the order in which satisfactory proofs of loss are received by the State's Department of Financial Institutions, until the designated appropriation is exhausted. At June 30, 1999, the appropriation available totaled $25.3 million. Losses become fixed as of the date of the loss. A public depositor experiencing a loss must assign its interest in the deposit, to the extent of the amount paid, to the Department of Financial Institutions. Any recovery made by the Department of Financial Institutions under the assignment is to be repaid to the appropriation. The possibility of a material loss resulting from payments to and recovery from public depositors is remote.

NOTE 23. SUBSEQUENT EVENTS

Bonds and Notes

Primary Government

Short-term Debt

In September and October 1999, the State issued two series of notes in its General Obligation Extendible Commercial Note Program. The $125.0 million of aggregate principal will be used for the acquisition, construction, development, extension, enlargement, or improvement of land, waters, property, highways, buildings, equipment or facilities. The State intends to make annual payments, due on May 1, on the notes which reflect principal amortization of those notes. The State further intends to make quarterly deposits with the US Bank Trust National Association, the issuing and paying agent for the notes, to pay accrued interest due on the maturing notes.

Long-term Debt

State of Wisconsin General Obligation Bonds – In October 1999, the State issued $100.0 million of 1999 Series C general obligation bonds to be used for the acquisition, construction, development, extension, enlargement, or improvement of land, waters, property, highways, buildings, equipment or facilities for public purposes. Interest is payable on May 1 and November 1 commencing on May 1, 2000, with the bonds maturing on May 1 of the years 2001 through 2020.

In November 1999, the State issued $65.0 million of 1999 Series D general obligation bonds to be used for veterans housing loans. Interest is payable on May 1 and November 1, commencing on May 1, 2000, with the bonds maturing on November 1 of the years 2001 through 2030.

Revenue Bonds – In August 1999, the Environmental Improvement Fund issued $80.0 million of Series 1 Clean Water Fund Revenue Bonds, the proceeds of which will be used primarily to make loans to municipalities for construction or improvement of their waste water treatment facilities.

Component Unit

Wisconsin Housing and Economic Development Authority – In July 1999, the Authority issued $155.0 million of Home Ownership Revenue Bonds, 1999 Series F, G, H and I, to refund certain previously issued revenue bonds and to purchase new mortgage loans.

The Authority issued $41.4 million of Housing Revenue Bonds, 1999 Series A and B. Proceeds will be used to purchase new mortgage loans and refund previously issued bonds.

In addition the Authority had the following (in thousands):

	1999 Redemptions	Call Premiums
Housing Revenue Bond Resolutions:		
1986 A&B	$ 2,405	$ --
1988 A&B	4,990	100
1989 A,B,C	13,135	394
Home Ownership Revenue Bond Resolutions:		
1987	28,440	--
1988	115,583	1,364
All Other	12,295	15
Single Family Drawdown Revenue Bonds	28,000	--
State of Wisconsin Programs	1,995	--
Total	$ 206,843	$ 1,873

Required Supplementary Information

YEAR 2000 Disclosures

The State of Wisconsin, Department of Administration (DOA), which has overall responsibility for the coordination of information technology in State government, is coordinating the State's Year 2000 compliance efforts.

In 1996, the DOA identified approximately 100 critical business applications (that is, applications that support core State government operations and services). The DOA has deemed some of these as the "highest priority" critical applications. Among the financial-related systems within the group of highest priority critical applications include WiSMART (the State's accounting system), which has been recently updated for year 2000 and testing for year 2000 compliance has been completed successfully. The Department of Revenue, the agency responsible for collection of State taxes, has completed implementation of 100% of its remediated critical applications.

The DOA created an interagency executive taskforce to advise on ways to coordinate Year 2000 compliance oversight activities. This approach allows the State to focus on the highest priority Year 2000 compliance needs.

The DOA is requiring agencies to report monthly on efforts to ensure operation of critical business functions within the agency, progress on making information technology systems supporting those critical business functions and efforts to address issues related to equipment with embedded microprocessors which support critical business functions. The reporting on information technology systems measures progress in four stages: (1) awareness, (2) assessment, (3) remediation, and (4) validation/testing.

As of November 1999, the following information is available from this reporting:

- 98% of the most critical applications have completed all above four stages.
- All of the most critical applications have had year 2000 modifications made, or modifications are in progress, although testing and implementation of some modifications is not completed yet.

The DOA is continuing to work with all agencies to ensure full reporting of critical business functions and the work needed to remedy Year 2000 problems. In addition, as part of the enterprise Year 2000 project plan, the department has instituted independent risk assessment studies of the State's most critical business functions. Risk assessments have been completed in all eleven agencies scheduled for review.

The State has not to date identified any significant Year 2000 consequences or unbudgeted costs to make the critical business applications Year 2000 compliant. The costs to the State to become Year 2000 compliant have been and will continue to be absorbed within existing base operating budgets because most Year 2000 compliance work is being completed by State agencies as part of ongoing maintenance and upgrades previously identified and budgeted for by the State.

In addition, the following is a summary of the efforts currently being undertaken by the State:

- The Governor issued Executive Order 341 on July 27, 1998, which directs all state agencies to make Year 2000 compliance activities their top technology priority. In addition, Executive Order 341 created a blue ribbon commission to recommend ways to enhance communication and coordination between public and private efforts to address Year 2000 issues.

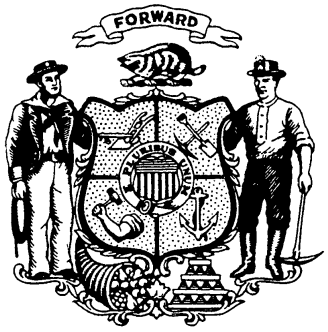
- The State has also created a central Year 2000 test environment for use by State agencies to verify the effectiveness of Year 2000 compliance activities. The State maintains a web site that provides specific technical information to assist agency Year 2000 compliance efforts. The Internet address for this is: http://y2k.state.wi.us/

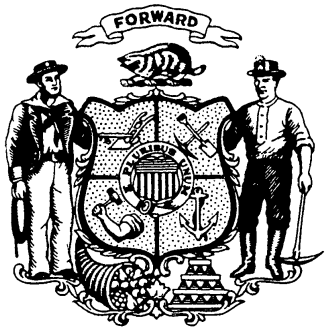
- Agencies are preparing contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes. The DOA has consolidated agencies' contingency plans and provided an enterprise contingency plan for the State that will allow for better coordination with local governments and the private sector. The DOA coordinated a successful statewide test of rollover plans in October 1999.

The State has contacted each of its paying agents, registrars, escrow agents, trustees and depositories and has been informed by each of these firms that they intend to meet the federal regulation that all securities processing institutions be Year 2000 compliant by the fourth quarter of Calendar Year 1998. The State will continue to monitor these compliance activities and take appropriate steps to ensure timely compliance, as needed. For example, the Department of Health and Family Services (DHFS) is the State agency that interfaces with the Federal Government for Medicare and Medicaid reimbursement payments. The DHFS has completed the implementation of fully remediated software for 100% of its most critical applications. The DHFS is addressing Year 2000 efforts with the Federal Government and is also working on contingency plans in the event of a problem.

The State is also assessing those Year 2000 issues, which could possibly disrupt actual mechanical processes such as debt service payments to bond holders. For example, in the event computer payment systems fail, the State has planned alternative methodologies to deliver services

The State cannot provide absolute assurances that all Year 2000 problems will be corrected by January 1, 2000, nor that all information technology systems will continue to work efficiently on January 1, 2000. There remains a possibility that some Year 2000 problems will not be identified or corrected by January 1, 2000. However, the actions that the State is currently completing should minimize such potential problems, especially for critical business applications.


FORWARD


FORWARD

Special Revenue Funds

(Continued)

The **Petroleum Inspection Fund** accounts for revenues received from inspection fees on petroleum products shipped into Wisconsin. These proceeds are used for petroleum inspection programs, environmental cleanup awards, clean air and water administration and other environmental programs in the State of Wisconsin.

The **Environmental Fund** accounts for the development and enforcement of groundwater standards, as well as assistance in the emergency response, investigation and clean up of contaminated sites. This assistance is funded by fees on activities or substances which may contaminate groundwater and fees for solid waste tipping, pesticide licenses and oil inspections.

The **Dry Cleaner Environmental Response Fund** accounts for the financial assistance for the remediation of environmental contamination caused by the spillage of dry cleaning solvents. Revenues used to fund this program are dry cleaning facility license and solvent fees.

The **Recycling Fund** accounts for the general purpose revenues and moneys from recycling fees, used to reduce the amount of solid waste disposed of in landfills and incinerators.

The **Information Technology Investment Fund** accounts for revenues, primarily subscription fees from vendors, used to carry out information technology development projects, including paying for costs associated with technology-related equipment, software and support.

The **Universal Service Fund** accounts for various programs that ensure that all Wisconsin residents receive essential telecommunication services at reasonable prices and that they have access to certain advanced telecommunications service capabilities. Assessment of entities in the telecommunications industry is the primary source of revenues.

The **Computer Escrow Fund** accounts for moneys that are set aside to reimburse local governments for the first year loss in tax base that resulted from the exemption of computers from property taxes.

The **Property Tax Relief Fund** accounts for moneys set aside to provide property tax relief.

Combining Balance Sheet - All Special Revenue Funds
June 30, 1999

(In Thousands)

	Transportation	Conservation	Heritage State Parks and Forests	Wisconsin Health Education Loan Repayment	Waste Management
Assets					
Cash and Cash Equivalents	$ 261,468	$ 77,255	$ 648	$ 39	$ 8,712
Receivables (net of estimated uncollectible accounts):					
Taxes	83,558	17,360	-	-	-
Other Receivables	36,288	2,096	-	-	-
Due from Other Funds	49,239	7,477	-	16	-
Due from Other Governments	81,009	7,503	-	-	-
Inventories	16,959	1,690	-	-	-
Prepaid Items	1,693	1,019	-	1	-
Other Assets	4	-	-	-	-
Total Assets	$ 530,217	$ 114,399	$ 648	$ 57	$ 8,712
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Other Accrued Liabilities	$ 82,801	$ 10,916	$ -	$ 2	$ -
Due to Other Funds	31,987	11,635	38	36	-
Due to Other Governments	88,655	7,323	-	-	-
Tax Refunds Payable	3,990	-	-	-	-
Tax and Other Deposits	554	756	-	-	3,773
Deferred Revenue	10,179	4,230	-	-	-
Advances from Other Funds	-	-	-	-	-
Total Liabilities	218,166	34,861	38	38	3,773
Fund Balances:					
Reserved for Encumbrances	477,747	20,992	-	-	-
Reserved for Inventories	16,959	1,690	-	-	-
Reserved for Prepaid Items	1,693	1,019	-	1	-
Reserved for Restricted Funds	-	257	-	-	-
Unreserved:					
Undesignated	(184,349)	55,581	610	18	4,939
Total Fund Balance	312,051	79,538	610	19	4,939
Total Liabilities and Fund Balance	$ 530,217	$ 114,399	$ 648	$ 57	$ 8,712

Wisconsin Elections Campaign	Investment and Local Impact	Industrial Building Construction Loan	Self-insured Employers Liability	Work Injury Supplemental Benefit	Uninsured Employers	Mediation
$ 53	$ 1,376	$ 291	$ 38	$ 5,342	$ 7,734	$ 327
-	-	-	-	-	-	-
-	-	-	-	45	3,196	-
-	-	-	-	-	-	13
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	4
-	-	-	-	-	-	-
$ 53	$ 1,376	$ 291	$ 38	$ 5,387	$ 10,931	$ 344
$ -	$ -	$ -	$ -	$ 851	$ 21	$ 24
-	-	-	-	-	2	6
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,197	-
-	-	-	-	-	-	-
-	-	-	-	851	2,219	31
-	200	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	4
-	-	-	-	-	-	-
53	1,176	291	38	4,536	8,711	309
53	1,376	291	38	4,536	8,711	313
$ 53	$ 1,376	$ 291	$ 38	$ 5,387	$ 10,931	$ 344

(Continued)

Combining Balance Sheet - All Special Revenue Funds
June 30, 1999

(Continued)

	Agricultural Chemical Cleanup	Agrichemical Management	Employe Trust Funds Administration	Historical Legacy Trust	Petroleum Inspection	Environmental
Assets						
Cash and Cash Equivalents	$ 10,822	$ 6,849	$ 2,823	$ -	$ 1,238	$ 10,910
Receivables (net of estimated uncollectible accounts):						
Taxes	-	-	-	-	-	-
Other Receivables	-	-	-	9	111	1,561
Due from Other Funds	-	25	-	670	10,969	7,538
Due from Other Governments	-	-	-	-	-	793
Inventories	-	22	125	-	-	-
Prepaid Items	-	24	72	-	78	89
Other Assets	-	-	-	-	-	-
Total Assets	$ 10,822	$ 6,921	$ 3,020	$ 680	$ 12,395	$ 20,891
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ -	$ 181	$ 809	$ 72	$ 224,892	$ 958
Due to Other Funds	481	110	977	570	3,730	2,811
Due to Other Governments	-	-	3	-	14,317	276
Tax Refunds Payable	-	-	-	-	-	-
Tax and Other Deposits	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-
Total Liabilities	481	291	1,789	643	242,939	4,045
Fund Balances:						
Reserved for Encumbrances	-	267	320	-	235	9,919
Reserved for Inventories	-	22	125	-	-	-
Reserved for Prepaid Items	-	24	72	-	78	89
Reserved for Restricted Funds	-	-	-	-	-	-
Unreserved:						
Undesignated	10,341	6,316	715	37	(230,857)	6,838
Total Fund Balance	10,341	6,630	1,232	37	(230,544)	16,846
Total Liabilities and Fund Balance	$ 10,822	$ 6,921	$ 3,020	$ 680	$ 12,395	$ 20,891

Dry Cleaner Environmental Response	Recycling	Information Technology Investment	Universal Service	Computer Escrow	Property Tax Relief	Totals
$ 1,547	$ 61,371	$ 311	$ 3,738	$ -	$ -	$ 462,891
-	3,964	-	-	-	-	104,881
44	60	-	388	-	-	43,800
-	8,133	-	391	64,000	-	148,472
-	5	-	-	-	-	89,309
-	-	-	-	-	-	18,796
-	5,977	-	-	-	-	8,959
-	-	-	-	-	-	4
$ 1,592	$ 79,510	$ 311	$ 4,517	$ 64,000	$ 0	$ 877,111
$ 11	$ 727	$ -	$ 447	$ -	$ -	$ 322,712
41	6,551	256	1,167	-	-	60,398
-	12,119	-	93	-	-	122,786
-	128	-	-	-	-	4,119
-	-	-	-	-	-	5,083
-	-	-	-	-	-	16,606
-	-	3,308	-	-	-	3,308
52	19,525	3,564	1,707	-	-	535,012
7	4,839	-	318	-	-	514,844
-	-	-	-	-	-	18,796
-	5,977	-	-	-	-	8,959
-	-	-	-	-	-	257
1,533	49,169	(3,253)	2,492	64,000	-	(200,756)
1,540	59,985	(3,253)	2,810	64,000	-	342,099
$ 1,592	$ 79,510	$ 311	$ 4,517	$ 64,000	$ 0	$ 877,111

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Special Revenue Funds For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Transportation	Conservation	Heritage State Parks and Forests	Wisconsin Health Education Loan Repayment	Waste Management
Revenues:					
Taxes	$ 822,146	$ 51,936	$ -	$ -	$ -
Intergovernmental	497,826	21,293	-	-	-
Licenses and Permits	302,892	82,830	-	-	-
Charges for Goods and Services	11,174	17,719	-	98	-
Investment and Interest Income	8,096	3,208	32	-	300
Gifts and Donations	18	1,107	-	-	-
Other Revenues	16,179	1,955	16	-	5
Total Revenues	1,658,331	180,049	48	98	305
Expenditures:					
Current:					
Commerce	-	-	-	-	-
Education	-	-	-	99	-
Transportation	1,593,023	-	-	-	-
Environmental Resources	-	180,978	67	-	-
Human Relations and Resources	-	-	-	-	-
General Executive	-	-	-	-	-
Judicial	-	-	-	-	-
Tax Relief and Other General Expenditures	-	-	-	-	-
Total Expenditures	1,593,023	180,978	67	99	-
Excess of Revenues Over (Under) Expenditures	65,308	(929)	(19)	(1)	305
Other Financing Sources (Uses):					
Proceeds from Sale of Bonds	1	-	-	-	-
Operating Transfers In	49	13,996	-	-	-
Operating Transfers Out	(20,810)	(10,599)	-	-	-
Operating Transfers to Component Unit	-	-	-	-	-
Capital Leases Acquisitions	665	837	-	-	-
Total Other Financing Sources (Uses)	(20,094)	4,233	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	45,213	3,304	(19)	(1)	305
Fund Balances, Beginning of Year	265,928	75,840	629	20	4,634
Increase (Decrease) in Reserve for Inventories	558	395	-	-	-
Residual Equity Transfer In	352	-	-	-	-
Fund Balances, End of Year	$ 312,051	$ 79,538	$ 610	$ 19	$ 4,939

Wisconsin Elections Campaign	Investment and Local Impact	Industrial Building Construction Loan	Self-insured Employers Liability	Work Injury Supplemental Benefit	Uninsured Employers	Mediation
$ -	$ -	$ -	$ -	$ -	$ -	$ 3
-	1	-	-	-	-	-
-	-	-	-	137	231	181
-	-	-	-	-	-	-
9	99	14	2	360	361	21
-	-	-	-	-	-	-
19	-	-	-	-	996	-
28	100	14	2	497	1,588	206
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	113	-	-	-	-	-
-	-	-	23	2,343	593	-
798	-	-	-	-	-	-
-	-	-	-	-	-	356
-	-	-	-	-	-	-
798	113	-	23	2,343	593	356
(769)	(13)	14	(21)	(1,846)	995	(150)
-	-	-	-	-	-	-
312	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
312	-	-	-	-	-	-
(457)	(13)	14	(21)	(1,846)	995	(150)
511	1,389	277	59	6,382	7,716	463
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 53	$ 1,376	$ 291	$ 38	$ 4,536	$ 8,711	$ 313

(Continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Special Revenue Funds
For the Fiscal Year Ended June 30, 1999

(Continued)

	Agricultural Chemical Cleanup	Agrichemical Management	Employe Trust Funds Administration	Historical Legacy Trust	Petroleum Inspection	Environmental
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$ 110,742	$ -
Intergovernmental	-	-	-	-	-	1,750
Licenses and Permits	12	4,219	-	83	-	14,628
Charges for Goods and Services	-	-	14,194	-	-	-
Investment and Interest Income	455	472	(1)	-	593	559
Gifts and Donations	-	-	-	528	-	-
Other Revenues	-	1	17	68	47	893
Total Revenues	467	4,692	14,210	680	111,382	17,831
Expenditures:						
Current:						
Commerce	1,124	4,984	-	-	-	-
Education	-	-	-	643	-	-
Transportation	-	-	-	-	-	-
Environmental Resources	-	-	-	-	89,777	22,806
Human Relations and Resources	-	-	-	-	-	-
General Executive	-	-	15,844	-	-	-
Judicial	-	-	-	-	-	-
Tax Relief and Other General Expenditures	-	-	-	-	-	-
Total Expenditures	1,124	4,984	15,844	643	89,777	22,806
Excess of Revenues Over (Under) Expenditures	(657)	(291)	(1,635)	37	21,604	(4,975)
Other Financing Sources (Uses):						
Proceeds from Sale of Bonds	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	12,656
Operating Transfers Out	(479)	-	-	-	(1,816)	(18)
Operating Transfers to Component Unit	-	-	-	-	-	-
Capital Leases Acquisitions	-	-	-	-	-	97
Total Other Financing Sources (Uses)	(479)	-	-	-	(1,816)	12,735
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,136)	(291)	(1,635)	37	19,788	7,760
Fund Balances, Beginning of Year	11,477	6,920	2,840	-	(250,332)	9,086
Increase (Decrease) in Reserve for Inventories	-	1	26	-	-	-
Residual Equity Transfer In	-	-	-	-	-	-
Fund Balances, End of Year	$ 10,341	6,630	$ 1,232	$ 37	$ (230,544)	$ 16,846

Dry Cleaner Environmental Response	Recycling	Information Technology Investment	Universal Service	Computer Escrow	Property Tax Relief	Totals
$ -	$ 29,233	$ -	$ -	$ -	$ -	$ 1,014,060
-	-	-	-	-	-	520,870
1,165	-	-	14,227	-	-	420,605
-	-	185	-	-	-	43,370
46	3,302	10	225	-	-	18,163
-	-	-	-	-	-	1,653
-	173	-	-	-	-	20,371
1,211	32,708	195	14,452	-	-	2,039,091
-	-	-	14,798	-	-	20,906
-	-	-	-	-	-	741
-	-	-	-	-	-	1,593,023
137	33,399	-	-	-	-	327,277
-	-	-	-	-	-	2,959
-	-	-	-	-	-	16,642
-	-	-	-	-	-	356
-	-	-	-	-	100,000	100,000
137	33,399	-	14,798	-	100,000	2,061,903
1,074	(691)	195	(347)	-	(100,000)	(22,812)
-	-	-	-	-	-	1
-	269	-	-	64,000	100,000	191,282
-	(543)	-	(899)	-	-	(35,164)
-	-	-	-	-	-	0
-	-	-	-	-	-	1,599
-	(273)	-	(899)	64,000	100,000	157,718
1,074	(964)	195	(1,246)	64,000	-	134,905
465	60,949	(3,448)	4,055	-	-	205,861
-	-	-	-	-	-	980
-	-	-	-	-	-	352
$ 1,540	59,985	$ (3,253)	$ 2,810	64,000	$ 0	$ 342,099

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Transportation		Conservation		Heritage State Parks and Forests	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
Taxes	$ 821,880	$ 821,880	$ 52,253	$ 52,253	$ -	$ -
Budgeted Transfers from:						
General Fund	-	-	-	-	-	-
Departmental	979,647	979,647	144,527	144,527	48	48
Total Revenues	1,801,527	1,801,527	196,780	196,780	48	48
Expenditures:						
Current:						
Commerce	-	-	1,559	1,230	-	-
Education	-	-	420	119	-	-
Environmental Resources	1,986,789	1,701,903	236,029	183,687	67	67
Human Relations and Resources	-	-	3,284	2,921	-	-
General Executive	1,374	1,309	-	-	-	-
Judicial	-	-	-	-	-	-
General	14,656	14,656	-	-	-	-
Total Expenditures	2,002,818	1,717,868	241,291	187,957	67	67
Excess of Revenues Over (Under) Expenditures	$ (201,291)	83,659	$ (44,511)	8,823	$ (19)	(19)
Fund Balances, Beginning of Year		237,833		73,751		629
Residual Equity Transfers		268		-		-
Fund Balances, End of Year		321,760		82,574		610
Less Encumbrances Outstanding at June 30, 1999		(756,024)		(27,852)		-
Fund Balances, End of Year Budgetary Basis		$ (434,264)		$ 54,722		$ 610

Wisconsin Health Education Loan Repayment		Waste Management		Wisconsin Elections Campaign		Investment and Local Impact	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
98	98	244	244	340	340	74	74
98	98	244	244	340	340	74	74
-	-	-	-	-	-	200	-
103	98	-	-	-	-	-	-
-	-	4,932	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	851	798	1,493	117
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
103	98	4,932	-	851	798	1,693	117
$ (5)	-	$ (4,687)	244	$ (511)	(457)	$ (1,619)	(43)
	5		4,744		511		1,419
	-		-		-		-
	5		4,988		53		1,376
	-		-		-		(200)
	$ 5		$ 4,988		$ 53		$ 1,176

(Continued)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 1999

(Continued)

	Industrial Building Construction Loan		Self-insured Employers Liability		Work Injury Supplemental Benefit		Uninsured Employers	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Budgeted Transfers from:								
General Fund	-	-	-	-	-	-	-	-
Departmental	14	14	77	77	456	456	1,639	1,639
Total Revenues	14	14	77	77	456	456	1,639	1,639
Expenditures:								
Current:								
Commerce	291	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Environmental Resources	-	-	-	-	-	-	-	-
Human Relations and Resources	-	-	71	33	7,577	2,308	620	620
General Executive	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-	-
Total Expenditures	291	-	71	33	7,577	2,308	620	620
Excess of Revenues Over (Under) Expenditures	$ (277)	14	$ 6	44	$ (7,120)	(1,852)	$ 1,018	1,018
Fund Balances, Beginning of Year		277		(6)		7,120		6,777
Residual Equity Transfers		-		-		-		-
Fund Balances, End of Year		291		38		5,268		7,795
Less Encumbrances Outstanding at June 30, 1999		-		-		-		-
Fund Balances, End of Year Budgetary Basis		$ 291		$ 38		$ 5,268		$ 7,795

Mediation		Agricultural Chemical Cleanup		Agrichemical Management		Historical Legacy Trust	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
$ 3	$ 3	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
209	209	491	491	4,612	4,612	680	680
213	213	491	491	4,612	4,612	680	680
-	-	3,701	1,124	5,455	4,970	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
675	357	-	-	-	-	-	-
-	-	-	-	-	-	-	-
675	357	3,701	1,124	5,455	4,970	-	-
$ (462)	(144)	$ (3,210)	(633)	$ (843)	(358)	$ 680	680
	462		8,538		10,057		-
	-		2,498		(2,977)		-
	318		10,403		6,722		680
	-		-		(267)		-
	$ 318		$ 10,403		$ 6,455		$ 680

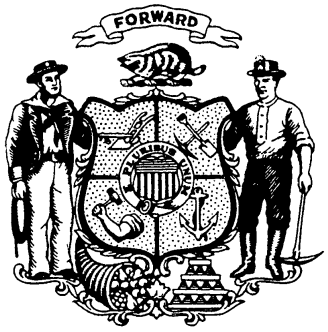
(Continued)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Budgeted Special Revenue Funds
For the Fiscal Year Ended June 30, 1999

(Continued)

	Petroleum Inspection		Environmental		Dry Cleaner Environmental Response		Recycling	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:								
Taxes	$ 110,699	$ 110,699	$ -	$ -	$ -	$ -	$ 35,755	$ 35,755
Budgeted Transfers from:								
General Fund	-	-	-	-	-	-	-	-
Departmental	555	555	28,879	28,879	1,239	1,239	3,312	3,312
Total Revenues	111,254	111,254	28,879	28,879	1,239	1,239	39,067	39,067
Expenditures:								
Current:								
Commerce	105,507	103,401	9,862	4,398	-	-	9,464	4,254
Education	-	-	92	16	-	-	523	515
Environmental Resources	5,427	4,723	25,125	17,802	1,793	82	32,993	30,042
Human Relations and Resources	466	466	496	470	-	-	-	-
General Executive	128	121	-	-	64	55	490	464
Judicial	-	-	-	-	-	-	-	-
General	880	880	-	-	-	-	-	-
Total Expenditures	112,408	109,591	35,575	22,686	1,857	136	43,470	35,275
Excess of Revenues Over (Under) Expenditures	$ (1,154)	1,663	$ (6,696)	6,193	$ (617)	1,103	$ (4,402)	3,793
Fund Balances, Beginning of Year		8,859		7,826		395		58,277
Residual Equity Transfers		-		-		-		269
Fund Balances, End of Year		10,522		14,019		1,498		62,339
Less Encumbrances Outstanding at June 30, 1999		(243)		(10,339)		(7)		(6,386)
Fund Balances, End of Year Budgetary Basis		$ 10,279		$ 3,680		$ 1,492		$ 55,953

Information Technology Investment		Universal Service		Computer Escrow		Property Tax Relief		Totals	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,020,591	$ 1,020,591
-	-	-	-	64,000	64,000	100,000	100,000	164,000	164,000
195	195	14,078	14,078	-	-	-	-	1,181,416	1,181,416
195	195	14,078	14,078	64,000	64,000	100,000	100,000	2,366,007	2,366,007
-	-	13,061	2,578	-	-	-	-	149,098	121,955
-	-	13,180	13,096	-	-	100,000	100,000	114,318	113,844
-	-	-	-	-	-	-	-	2,293,154	1,938,306
-	-	-	-	-	-	-	-	12,514	6,818
-	-	-	-	-	-	-	-	4,401	2,863
-	-	-	-	-	-	-	-	675	357
-	-	-	-	-	-	-	-	15,536	15,536
-	-	26,241	15,674	-	-	100,000	100,000	2,589,695	2,199,680
$ 195	195	$ (12,163)	(1,596)	$ 64,000	64,000	$ 0	-	$ (223,688)	166,327
	(3,448)		4,311		-		-		428,336
	-		-		-		-		58
	(3,253)		2,715		64,000		-		594,721
	-		-		-		-		(801,318)
	$ (3,253)		$ 2,715		$ 64,000		$ 0		$ (206,597)


FORWARD

Debt Service Funds

DEBT SERVICE: Debt service funds account for the accumulation of resources for, and the payment of, principal, interest and related costs of general long-term obligations.

The **Bond Security and Redemption Fund** accounts for the accumulation of resources for, and the payment of principal, interest and related costs of, general obligation bond debt.

The **Transportation Revenue Bonds Fund** accounts for the accumulation of resources for, and the payment of principal, interest and related costs of, transportation revenue bond obligations.

Combining Balance Sheet - All Debt Service Funds
June 30, 1999

(In Thousands)

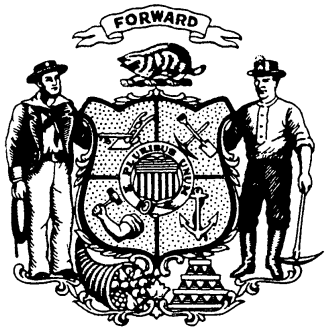
	Bond Security and Redemption	Transportation Revenue Bonds	Totals
Assets			
Cash and Cash Equivalents	$ 5,591	$ 51,886	$ 57,477
Investments	-	9,531	9,531
Receivables (net of estimated uncollectible accounts):			
Other Receivables	-	8	8
Due from Other Funds	52	-	52
Total Assets	$ 5,643	$ 61,424	$ 67,067
Liabilities and Fund Balances			
Liabilities:			
Due to Other Funds	$ 463	$ 272	$ 735
Interest Payable	1,739	26,463	28,201
General Obligations Bonds Payable	950	-	950
Revenue Bonds and Notes Payable	-	30,860	30,860
Total Liabilities	3,152	57,595	60,747
Fund Balances:			
Unreserved	2,492	3,829	6,320
Total Fund Balances	2,492	3,829	6,320
Total Liabilities and Fund Balances	$ 5,643	$ 61,424	$ 67,067

State of Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Debt Service Funds
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Bond Security and Redemption	Transportation Revenue Bonds	Totals
Revenues:			
Licenses and Permits	$ -	$ 80,631	$ 80,631
Investment and Interest Income	2,560	1,764	4,324
Total Revenues	2,560	82,395	84,955
Expenditures:			
Debt Service:			
Principal	136,357	30,860	167,217
Interest	87,931	48,542	136,472
Other	-	808	808
Total Expenditures	224,288	80,209	304,498
Excess of Revenues Over (Under) Expenditures	(221,728)	2,186	(219,543)
Other Financing Sources (Uses):			
Proceeds from Sale of Bonds	1,385	1,076	2,461
Proceeds from Refunding Bonds	266,719	139,410	406,128
Payment to Refunding Bond Escrow Agent	(266,719)	(138,622)	(405,340)
Operating Transfers In	219,263	-	219,263
Operating Transfers Out	(2,750)	(2,374)	(5,124)
Total Other Financing Sources (Uses)	217,898	(511)	217,387
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,830)	1,675	(2,155)
Fund Balances, Beginning of Year	2,892	2,154	5,046
Residual Equity Transfers In	4,000	-	4,000
Residual Equity Transfers Out	(570)	-	(570)
Fund Balances, End of Year	$ 2,492	$ 3,829	$ 6,320


FORWARD

Capital Projects Funds

CAPITAL PROJECTS: Capital projects funds account for financial resources used for the acquisition, construction, renovation or repair of major capital facilities (other than those financed by proprietary funds and trust funds). The State's capital projects funds are described below:

The **Building Trust Fund** accounts for repair projects of major capital facilities which are funded primarily through General Fund and agency transfers.

The **Energy Efficiency Fund** accounts for improvements on heating plants and loans to State agencies for energy efficiency projects. Revenues are primarily derived from utility rebates, utility matching funds, savings from improvements to heating costs and General Fund supported borrowing.

The **Capital Improvement Fund** accounts for revenues from general obligation bond proceeds, General Fund transfers and investment pool interest earnings which are primarily used for the acquisition or construction of major capital facilities and for repair and maintenance projects. (In previous years, the environmental local assistance activities were reported in a special revenue fund. Starting in 1999 these activites are reported within the capital improvement fund.)

The **Transportation Revenue Bonds Fund** accounts for the accumulation of financing resources for the construction, maintenance, and repair of certain major highway projects and administrative facilities.

Combining Balance Sheet - All Capital Projects Funds
June 30, 1999

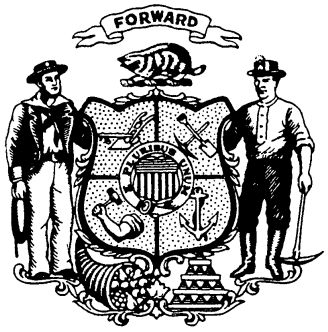
(In Thousands)

	Building Trust	Energy Efficiency	Capital Improvement	Transportation Revenue Bonds	Totals
Assets					
Cash and Cash Equivalents	$ 30,750	$ 2,747	$ 14,401	$ 25,996	$ 73,894
Investments	-	-	-	63,684	63,684
Receivables (net of estimated uncollectible accounts):					
Other Receivables	1,015	-	19	1,178	2,212
Due from Other Funds	2,179	1	10,509	272	12,961
Advances to Other Funds	-	2,500	-	-	2,500
Total Assets	$ 33,944	$ 5,248	$ 24,929	$ 91,130	$ 155,251
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Other Accrued Liabilities	$ 1,275	$ -	$ 12,606	$ 163	$ 14,044
Due to Other Funds	840	-	3,447	44,363	48,650
Due to Other Governments	3	-	10,402	-	10,405
Deferred Revenue	4	-	-	-	4
Short-term Notes Payable	-	-	122,444	155,389	277,833
Total Liabilities	2,122	-	148,898	199,916	350,936
Fund Balances:					
Reserved for Encumbrances	3,449	-	121,058	50,756	175,263
Reserved for Advances to Other Funds	-	2,500	-	-	2,500
Unreserved:					
Undesignated	28,373	2,748	(245,027)	(159,541)	(373,448)
Total Fund Balances	31,822	5,248	(123,969)	(108,785)	(195,685)
Total Liabilities and Fund Balances	$ 33,944	$ 5,248	$ 24,929	$ 91,130	$ 155,251

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Capital Projects Funds For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Building Trust	Energy Efficiency	Capital Improvement	Transportation Revenue Bonds	Totals
Revenues:					
Intergovernmental	$ 2,870	$ -	$ -	$ -	$ 2,870
Licenses and Permits	-	-	-	677	677
Charges for Goods and Services	18	-	475	-	493
Investment and Interest Income	1,385	101	4,280	2,908	8,674
Other Revenues	-	152	26	2,203	2,380
Total Revenues	4,273	252	4,781	5,788	15,094
Expenditures:					
Current:					
Commerce	(9)	-	985	-	977
Education	514	-	13,252	-	13,766
Transportation	680	-	4,015	1,125	5,820
Environmental Resources	779	-	32,594	-	33,372
Human Relations and Resources	4,462	-	20,907	-	25,369
General Executive	3,011	-	12,339	-	15,350
Other General Expenditures	135	-	4,062	-	4,198
Capital Outlay	5,404	-	62,939	96,017	164,360
Debt Service:					
Interest	-	-	3,606	-	3,606
Total Expenditures	14,975	-	154,699	97,142	266,817
Excess of Revenues Over (Under) Expenditures	(10,702)	252	(149,918)	(91,354)	(251,723)
Other Financing Sources (Uses):					
Proceeds from Sale of Bonds	-	-	135,762	110,783	246,545
Proceeds from Refunding Bonds	-	-	-	175	175
Operating Transfers In	19,968	-	8,709	2,374	31,051
Operating Transfers Out	(6,027)	-	(6,438)	(579)	(13,045)
Installment Purchase Acquisitions	-	-	995	-	995
Total Other Financing Sources (Uses)	13,941	-	139,028	112,753	265,722
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,238	252	(10,890)	21,399	13,999
Fund Balances, Beginning of Year	28,013	4,996	(82,079)	(130,184)	(179,254)
Residual Equity Transfers In	570	-	-	-	570
Residual Equity Transfers Out	-	-	(31,000)	-	(31,000)
Fund Balances, End of Year	$ 31,822	$ 5,248	$ (123,969)	$ (108,785)	$ (195,685)


FORWARD

Enterprise Funds

ENTERPRISE: Enterprise funds account for business-like State activities that provide goods and/or services to the public and are financed primarily through user charges. The State's enterprise funds are described below:

The **State Fair Park Fund** accounts for the annual State Fair, and various year round major sports events, agricultural and industrial expositions, and other programs of civic interest. Its revenues are derived from admissions, fees, rents and sales, with no contributions from the State.

The **Home For Veterans Fund** accounts for nursing home care for veterans and their spouses. The costs associated with providing this care are funded by private pay charges, the U.S. Department of Veterans Affairs and Medical Assistance.

The **Mendota Mental Health Institute Fund** and the **Winnebago Mental Health Institute Fund** account for the diagnosis, care and treatment of individuals with mental and emotional disturbances. The services are provided with funds collected from third parties and contributions from the State.

The **Northern Developmental Disabilities Center Fund**, the **Central Developmental Disabilities Center Fund** and the **Southern Developmental Disabilities Center Fund** account for services provided to developmentally disabled citizens with the goal of ultimately returning such persons to the community if possible. These services are provided with funds collected from third parties and contributions from the State.

The **Institutional Farm Operations Fund** accounts for the revenues and expenses associated with employing inmates in agricultural and other work activities. The associated costs are funded from farm product sales and a General Fund supplement.

The **Institutional Canteen Operations Fund** accounts for the program which provides goods for the education, recreation, and convenience of institutionalized patients and inmates. Charges made to patients and inmates are the primary source of funds for these activities.

The **Lottery Fund** accounts for State managed lottery activities used to provide property tax relief to taxpayers. Revenues are derived from ticket sales which are used to pay winners, commissions to retailers, operating expenses and property tax relief.

The **Health Insurance Risk Sharing Plan Fund** accounts for major medical and medicare supplement coverage for Wisconsin residents under sixty-five who are unable to obtain health insurance coverage in the private market. This service is primarily funded by premiums and assessments collected from State health insurers.

The **Local Government Property Insurance Fund** accounts for property insurance coverage provided to local governments in Wisconsin. This insurance is financed with premiums collected from policyholders and income on investments.

The **State Life Insurance Fund** accounts for the program to provide State sponsored life insurance to residents of Wisconsin in a manner consistent with private insurers. This insurance is financed with premiums collected from policyholders and investment earnings.

The **Patients Compensation Fund** accounts for the program to provide excess medical malpractice insurance for Wisconsin health care providers. The revenues to finance this insurance are primarily derived from assessments against health care providers.

The **Income Continuation Insurance Fund** accounts for long-term and short-term disability benefits (up to 75 percent of gross salary) for employes of the State and of participating local public employers and operates on a self-insured basis.

The **Duty Disability Fund** accounts for the compensation of protective category employes of the Wisconsin Retirement System for duty-related disabilities.

The **Long-term Disability Insurance Fund** accounts for long term disability benefits paid to Wisconsin Retirement System participants. The premiums to finance this alternative disability coverage are received from the Wisconsin Retirement System.

The **Health Insurance Fund** accounts for group health insurance plans provided on a self-insured, fee for service basis or prepaid basis to current and retired employes of the State and of participating local public employers.

The **Tuition Trust Fund** accounts for the program that allows participants to invest in order to meet the cost of future tuition expenses.

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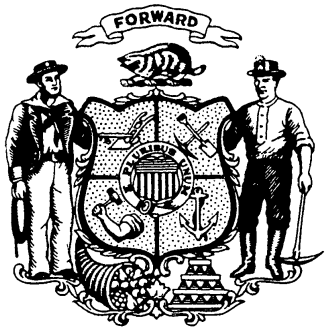

FORWARD

The **Environmental Improvement Fund** accounts for financial resources generated and used for clean water projects. Federal capitalization grants, interest earnings, revenue bond proceeds and general obligation bond proceeds are its primary revenue sources.

The **Veterans Trust Fund** accounts for various programs for veterans, including loans and grants to individuals and organizations and the operations of the Wisconsin Veterans Museum. Revenues to finance this program are primarily derived from veteran loan payments and investment income.

The **Veterans Mortgage Loan Repayment Fund** accounts for the issuance and administration of veterans' first mortgage loans. Revenues are primarily derived from bond proceeds, mortgage payments and investment income.

The **Wisconsin Education Revenue Bonds Fund** accounts for bond proceeds to provide health education loans to fulltime medical and dental students at qualifying universities or colleges in Wisconsin.

The **Transportation Infrastructure Loan Fund** accounts for the development of innovative financing mechanisms that will more effectively use federal financial transportation resources. Federal Highway Administration funds, and interest from the fund balance and from loan recipients, are the primary revenues for this fund.

The **Wisconsin Public Broadcasting Foundation (Foundation) Fund** accounts for financial resources generated to support the activities of the Wisconsin Educational Communications Board. The primary revenue sources of the Foundation are from gifts, grants and contributions.

Combining Balance Sheet - All Enterprise Funds
June 30, 1999

(In Thousands)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Assets						
Cash and Cash Equivalents	$ 2,732	$ 4,540	$ 4	$ 19	$ 13	$ 2
Investments	-	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):						
Student Loans	-	-	-	-	-	-
Veterans Loans	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Insurance Policy Loans	-	-	-	-	-	-
Loans to Local Governments	-	-	-	-	-	-
Other Receivables	386	207	4,691	4,328	5,469	5,529
Due from Other Funds	13	35	4,595	4,344	5,312	8,403
Due from Component Units	-	-	-	-	-	-
Due from Other Governments	-	3,525	-	-	-	-
Inventories	162	873	188	439	351	247
Prepaid Items	84	268	330	290	333	457
Restricted and Limited Use Assets:						
Cash and Cash Equivalents	-	-	-	-	-	-
Deferred Charges	15	-	-	-	-	-
Fixed Assets (net of accumulated depreciation)	29,577	23,407	15,197	14,720	12,896	11,460
Other Assets	-	-	-	-	-	-
Total Assets	$ 32,970	$ 32,856	$ 25,005	$ 24,140	$ 24,374	$ 26,098
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ 788	$ 2,555	$ 2,405	$ 2,203	$ 2,895	$ 4,184
Due to Other Funds	1,556	1,372	1,722	1,537	2,893	3,525
Interfund Loans Payable	-	-	8,012	9,203	6,669	9,467
Due to Other Governments	-	-	-	-	-	-
Tax and Other Deposits	47	3	-	-	-	-
Deferred Revenue	1,374	-	-	-	-	-
Interest Payable	118	4	-	-	-	-
Short-term Notes Payable	223	-	-	-	-	-
Future Benefits and Loss Liabilities	-	-	-	-	-	-
Capital Leases	-	193	217	-	-	-
Compensated Absences	59	663	1,040	903	744	1,406
General Obligation Bonds Payable	14,239	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-
Total Liabilities	18,405	4,790	13,396	13,846	13,202	18,581
Fund Equity:						
Contributed Capital	14,506	37,355	26,262	25,706	27,881	22,566
Retained Earnings:						
Reserved for Future Benefits	-	-	-	-	-	-
Reserved for Market Value Adjustments	-	-	-	-	-	-
Unreserved	59	(9,289)	(14,653)	(15,412)	(16,708)	(15,049)
Total Fund Equity	14,565	28,066	11,609	10,294	11,173	7,518
Total Liabilities and Fund Equity	$ 32,970	$ 32,856	$ 25,005	$ 24,140	$ 24,374	$ 26,098

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
$ 14	$ -	$ 826	$ 49,291	$ 10,225	$ 5,675	$ 6,637
-	-	24	261,112	-	16,015	61,630
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,828
-	-	-	-	-	-	-
3,363	319	142	14,549	1,570	5,953	1,110
6,493	57	2	692	13	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,150	-
203	2,988	730	2,065	-	-	-
276	11	12	35,313	1	966	8
-	-	-	-	-	-	-
-	-	-	-	-	-	636
12,747	4,634	38	611	-	-	75
-	-	-	9,273	-	-	-
$ 23,096	$ 8,008	$ 1,775	$ 372,906	$ 11,809	$ 30,759	$ 73,924
$ 6,827	$ 262	$ 167	$ 270,717	$ 1,050	$ 455	$ 2,593
2,861	236	83	12,911	94	3	28
4,943	4,473	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2	-	-	9,918
-	-	24	437	3,914	4,307	-
-	4	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	9,456	4,444	52,254
-	250	-	-	-	-	-
511	53	8	170	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,142	5,278	283	284,237	14,514	9,209	64,793
29,637	2,745	36	51	-	-	-
-	-	-	-	-	-	9,131
-	-	-	-	-	-	-
(21,684)	(15)	1,456	88,618	(2,705)	21,550	-
7,954	2,730	1,492	88,669	(2,705)	21,550	9,131
$ 23,096	$ 8,008	$ 1,775	$ 372,906	$ 11,809	$ 30,759	$ 73,924

(Continued)

Combining Balance Sheet - All Enterprise Funds
June 30, 1999

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long-term Disability Insurance	Health Insurance	Tuition Trust
Cash and Cash Equivalents	$ 6,183	$ 79,408	$ 55,262	$ 223,137	$ 34,271	$ 1,601
Investments	485,511	-	-	-	-	2,925
Receivables (net of estimated uncollectible accounts):						
Student Loans	-	-	-	-	-	-
Veterans Loans	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Insurance Policy Loans	-	-	-	-	-	-
Loans to Local Governments	-	-	-	-	-	-
Other Receivables	9,383	702	84	1	-	32
Due from Other Funds	-	5,011	8,233	13,112	526	-
Due from Component Units	12	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Inventories	2	-	-	-	-	-
Prepaid Items	2	-	-	-	31,638	-
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	-	-	-
Deferred Charges	-	-	-	-	-	-
Fixed Assets (net of accumulated depreciation)	39	-	-	-	-	10
Other Assets	-	-	-	-	-	-
Total Assets	$ 501,132	$ 85,121	$ 63,578	$ 236,250	$ 66,436	$ 4,568
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ 1,132	$ 632	$ -	$ 294	$ 2,804	$ 580
Due to Other Funds	31	-	-	-	60	725
Interfund Loans Payable	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Tax and Other Deposits	-	-	-	-	-	-
Deferred Revenue	2,892	74	-	-	35,994	-
Interest Payable	-	-	-	-	-	-
Short-term Notes Payable	-	-	-	-	-	-
Future Benefits and Loss Liabilities	488,491	44,202	215,273	19,866	10,700	3,714
Capital Leases	-	-	-	-	-	-
Compensated Absences	8	-	-	-	-	-
General Obligation Bonds Payable	-	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-
Total Liabilities	492,554	44,909	215,273	20,160	49,558	5,019
Fund Equity:						
Contributed Capital	-	-	-	-	-	-
Retained Earnings:						
Reserved for Future Benefits	-	-	-	-	-	-
Reserved for Market Value Adjustments	-	28,505	8,069	44,914	-	-
Unreserved	8,577	11,707	(159,764)	171,176	16,878	(451)
Total Fund Equity	8,577	40,212	(151,695)	216,090	16,878	(451)
Total Liabilities and Fund Equity	$ 501,132	$ 85,121	$ 63,578	$ 236,250	$ 66,436	$ 4,568

Environmental Improvement	Veterans Trust	Veterans Mortgage Loan Repayment	Wisconsin Education Revenue Bonds	Transportation Infrastructure Loan	Wisconsin Public Broadcasting Foundation	Totals
$ 162,044	$ 35,267	$ 216,640	$ 93	$ 1,296	$ 1,437	$ 896,619
113,715	-	-	-	-	3,842	944,775
-	-	-	3,826	-	-	3,826
-	33,861	-	-	-	-	33,861
-	47,446	635,111	-	-	-	682,557
-	-	-	-	-	-	3,828
879,710	-	-	-	400	-	880,109
287	527	4,569	-	-	169	63,371
1	798	302	-	5	1	57,948
-	-	-	-	-	-	12
5,550	-	-	-	-	9	11,234
-	56	-	-	-	-	8,304
12	47	47	-	-	-	70,095
46,274	-	-	-	-	-	46,274
2,831	1	5,045	-	-	-	8,527
15	5,613	67	-	-	-	131,107
-	-	251	-	-	-	9,524
$ 1,210,438	$ 123,616	$ 862,032	$ 3,919	$ 1,701	$ 5,458	$ 3,851,971
$ 171	$ 1,225	$ 16,011	$ -	$ -	$ 216	$ 320,167
1,233	206	896	370	-	547	32,890
-	-	-	-	-	-	42,766
1,461	14	-	-	-	-	1,475
-	59	1	-	-	-	10,029
-	-	819	-	-	40	49,876
2,216	2	6,731	11	-	-	9,085
-	9	-	-	-	-	233
-	-	-	-	-	-	848,400
-	-	-	-	-	-	660
108	96	205	-	-	-	5,978
-	1,073	760,790	-	-	-	776,102
486,555	-	-	1,727	-	-	488,281
491,744	2,683	785,454	2,108	-	803	2,585,942
717,729	158,087	-	-	-	-	1,062,561
-	-	-	-	-	-	9,131
-	-	-	-	-	-	81,488
965	(37,154)	76,578	1,812	1,701	4,655	112,850
718,694	120,933	76,578	1,812	1,701	4,655	1,266,029
$ 1,210,438	$ 123,616	$ 862,032	$ 3,919	$ 1,701	$ 5,458	$ 3,851,971

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Enterprise Funds For the Fiscal Year Ended June 30, 1999

(In Thousands)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Operating Revenues:						
Charges for Goods and Services	$ 14,246	$ 36,413	$ 21,141	$ 21,222	$ 31,109	$ 48,908
Contributions	-	-	-	-	-	-
Investment and Interest Income	-	-	-	-	-	-
Other Income	40	-	-	-	-	-
Total Operating Revenues	14,286	36,413	21,141	21,222	31,109	48,908
Operating Expenses:						
Personal Services	4,948	28,649	33,576	28,976	23,969	39,072
Supplies and Services	7,529	7,303	5,974	5,148	4,942	8,708
Lottery Prize Awards	-	-	-	-	-	-
Depreciation	1,618	2,168	695	673	1,150	759
Benefit Expense	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-
Total Operating Expenses	14,095	38,120	40,245	34,797	30,061	48,539
Operating Income (Loss)	191	(1,707)	(19,104)	(13,575)	1,049	369
Nonoperating Revenues (Expenses):						
Operating Grants	-	17	104	86	-	77
Investment and Interest Income	-	-	1	1	15	-
Gain (Loss) on Disposal of Fixed Assets	11	(1)	(126)	3	11	11
Interest Expense	(615)	(12)	(25)	-	-	(1)
Other Revenues	-	331	362	152	229	113
Other Expenses:						
Property Tax Credits	-	-	-	-	-	-
Grants Disbursed	-	-	-	-	-	-
Other	(1,877)	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(2,481)	336	315	242	255	201
Income (Loss) Before Operating Transfers	(2,289)	(1,371)	(18,789)	(13,333)	1,304	569
Operating Transfers In	19	23	21,197	16,760	11	44
Operating Transfers Out	(304)	(593)	(905)	(1,851)	(2,696)	(2,802)
Net Income before Extraordinary Items	(2,575)	(1,942)	1,503	1,576	(1,382)	(2,189)
Extraordinary Items:						
Gain on Casualty Settlement	-	-	-	-	-	-
Net Income (Loss)	(2,575)	(1,942)	1,503	1,576	(1,382)	(2,189)
Retained Earnings, Beginning of Year	2,634	(7,348)	(16,156)	(16,988)	(15,326)	(12,859)
Retained Earnings, End of Year	$ 59	$ (9,289)	$ (14,653)	$ (15,412)	$ (16,708)	$ (15,049)

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
$ 33,818	$ 2,708	$ 8,802	$ 428,196	$ 29,994	$ 9,098	$ 2,671
-	-	-	-	-	-	-
-	-	-	-	-	1,275	1,395
-	-	14	156	-	-	9
33,818	2,708	8,816	428,352	29,994	10,373	4,074
27,824	1,147	643	4,263	77	61	231
6,287	1,724	7,947	52,743	3,185	815	190
-	-	-	236,702	-	-	-
943	196	33	346	-	-	16
-	-	-	-	31,520	8,393	2,912
-	-	-	-	-	-	462
-	-	40	-	267	140	3,965
35,054	3,068	8,662	294,053	35,049	9,409	7,775
(1,236)	(360)	154	134,299	(5,055)	964	(3,701)
5	-	-	-	-	-	-
-	-	2	(5,691)	298	-	-
5	(61)	-	(11)	-	-	-
-	(14)	-	-	-	-	-
571	75	2	-	-	-	-
-	-	-	(156,574)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
581	(1)	5	(162,277)	298	-	-
(654)	(361)	159	(27,978)	(4,758)	964	(3,701)
-	867	323	-	11,900	-	-
(2,576)	(115)	(331)	(13,154)	-	-	-
(3,230)	392	151	(41,132)	7,142	964	(3,701)
-	20	-	-	-	-	-
(3,230)	412	151	(41,132)	7,142	964	(3,701)
(18,453)	(427)	1,305	129,750	(9,847)	20,587	12,832
$ (21,684)	$ (15)	$ 1,456	$ 88,618	$ (2,705)	$ 21,550	$ 9,131

(Continued)

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Enterprise Funds For the Fiscal Year Ended June 30, 1999

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long-term Disability Insurance	Health Insurance	Tuition Trust
Operating Revenues:						
Charges for Goods and Services	$ 50,687	$ -	$ -	$ -	$ -	$ 1,847
Contributions	-	8,390	27,015	4,359	416,556	-
Investment and Interest Income	10,990	5,781	5,973	21,516	2,919	5
Other Income	-	39	-	-	63	-
Total Operating Revenues	61,677	14,209	32,988	25,875	419,538	1,852
Operating Expenses:						
Personal Services	310	-	-	-	-	121
Supplies and Services	560	708	-	212	353,041	74
Lottery Prize Awards	-	-	-	-	-	-
Depreciation	6	-	-	-	-	4
Benefit Expense	30,483	7,901	33,204	8,718	67,743	1,653
Interest Expense	-	-	-	-	-	-
Other Expenses	-	465	252	150	2,959	-
Total Operating Expenses	31,360	9,074	33,456	9,079	423,743	1,852
Operating Income (Loss)	30,317	5,136	(467)	16,796	(4,205)	1
Nonoperating Revenues (Expenses):						
Operating Grants	-	-	-	-	-	-
Investment and Interest Income	-	(8)	-	(60)	-	-
Gain (Loss) on Disposal of Fixed Assets	(1)	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Other Revenues	434	-	-	-	64	-
Other Expenses:						
Property Tax Credits	-	-	-	-	-	-
Grants Disbursed	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	433	(8)	-	(59)	64	-
Income (Loss) Before Operating Transfers	30,750	5,128	(467)	16,736	(4,141)	1
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Net Income before Extraordinary Items	30,750	5,128	(467)	16,736	(4,141)	1
Extraordinary Items:						
Gain on Casualty Settlement	-	-	-	-	-	-
Net Income (Loss)	30,750	5,128	(467)	16,736	(4,141)	1
Retained Earnings, Beginning of Year	(22,173)	35,084	(151,228)	199,354	21,019	(451)
Retained Earnings, End of Year	$ 8,577	$ 40,212	$ (151,695)	$ 216,090	$ 16,878	$ (451)

Environmental Improvement	Veterans Trust	Veterans Mortgage Loan Repayment	Wisconsin Education Revenue Bonds	Transportation Infrastructure Loan	Wisconsin Public Broadcasting Foundation	Totals
$ -	$ 253	$ -	$ -	$ -	$ -	$ 741,113
-	-	-	-	-	-	456,320
26,010	5,844	42,207	501	12	-	124,426
-	-	-	-	-	5,873	6,195
26,010	6,097	42,207	501	12	5,873	1,328,054
3,613	2,478	3,135	-	-	731	203,824
892	854	649	105	-	598	470,189
-	-	-	-	-	-	236,702
17	363	38	-	-	-	9,026
-	-	-	-	-	-	192,526
28,184	-	41,257	353	-	-	70,255
-	4,521	3,399	19	-	-	16,176
32,706	8,217	48,478	476	-	1,329	1,198,697
(6,696)	(2,120)	(6,271)	25	12	4,544	129,356
2,008	178	-	-	1,260	1,066	4,802
16,927	1,556	5,434	6	54	356	18,889
-	-	-	-	-	-	(159)
-	(37)	-	-	-	-	(703)
-	25	-	-	-	-	2,360
-	-	-	-	-	-	(156,574)
(11,978)	-	-	-	-	-	(11,978)
-	-	(20)	-	-	-	(1,897)
6,957	1,722	5,414	6	1,314	1,422	(145,261)
261	(398)	(857)	31	1,326	5,966	(15,904)
-	77	1,797	-	-	-	53,019
-	(18)	(3)	-	-	(5,623)	(30,972)
261	(339)	937	31	1,326	343	6,143
-	-	-	-	-	-	20
261	(339)	937	31	1,326	343	6,163
704	(36,815)	75,641	1,781	375	4,312	197,306
$ 965	$ (37,154)	$ 76,578	$ 1,812	$ 1,701	$ 4,655	$ 203,469

Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Cash Flows from Operating Activities:						
Cash Receipts from Customers	$ 14,169	$ 36,494	$ 13,830	$ 15,327	$ 28,970	$ 46,131
Cash Payments to Suppliers for Goods and Services	(6,963)	(6,646)	(6,055)	(5,306)	(5,593)	(11,410)
Cash Payments to Employes for Services	(4,939)	(28,534)	(32,708)	(28,491)	(22,391)	(34,449)
Cash Payments for Lottery Prizes	-	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Cash Payments for Benefits	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Other Operating Revenues	40	-	-	-	-	-
Other Operating Expenses	-	-	-	-	-	-
Other Sources of Cash	-	333	417	197	229	113
Other Uses of Cash	-	-	-	-	-	(1)
Net Cash Provided (Used) by Operating Activities	2,307	1,647	(24,516)	(18,273)	1,214	384
Cash Flows from Noncapital Financing Activities:						
Operating Grants Receipts	-	17	104	86	-	77
Grants for Loans to Governments	-	-	-	-	-	-
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Retirement of Long-term Debt	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-
Interfund Loans Received	-	-	3,097	1,083	1,516	2,399
Interfund Loans Repaid	-	-	-	-	-	-
Interfund Advances	-	-	-	-	-	-
Operating Transfers In	19	24	21,431	17,204	11	45
Operating Transfers Out	(304)	(592)	(98)	(88)	(2,693)	(2,793)
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-
Other Cash Inflows from Noncapital Financing Activities	-	-	-	-	-	-
Other Cash Outflows from Noncapital Financing Activities:						
Property Tax Credits	-	-	-	-	-	-
Grants Disbursed	-	-	-	-	-	-
Escrow Deposit	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(285)	(551)	24,534	18,286	(1,165)	(273)
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Long-term Debt	1,725	-	-	-	-	-
Repayment of Long-term Debt	(775)	-	-	-	-	-
Proceeds from Short-term Notes	-	-	-	-	-	-
Interest Payments	(615)	(13)	(12)	-	-	-
Capital Lease Obligations	-	(33)	(47)	-	-	-
Proceeds from Sale of Fixed Assets	11	-	-	-	13	11
Payments for Purchase of Fixed Assets	(2,130)	(429)	(35)	(212)	(78)	(135)
Other Cash Inflows from Capital Financing Activities	-	-	51	197	-	-
Other Cash Outflows from Capital Financing Activities	-	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,784)	(474)	(44)	(15)	(65)	(124)
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	-	-
Purchase of Investment Securities	-	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Investment and Interest Receipts	-	-	1	1	15	-
Net Cash Provided (Used) by Investing Activities	-	-	1	1	15	-
Net Increase (Decrease) in Cash and Cash Equivalents	237	622	(25)	(1)	(2)	(14)
Cash and Cash Equivalents, Beginning of Year	2,495	3,918	29	20	14	16
Cash and Cash Equivalents, End of Year	$ 2,732	$ 4,540	$ 4	$ 19	$ 13	$ 2

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
$ 30,081	$ 2,611	$ 8,815	$ 417,927	$ 30,291	$ 7,528	$ 2,667
(5,633)	(1,733)	(7,935)	(24,437)	(3,634)	(753)	(127)
(26,891)	(1,120)	(673)	(3,969)	(29)	(61)	(219)
-	-	-	(247,635)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(32,678)	(11,676)	(1,252)
-	-	-	-	-	108	-
-	-	-	-	-	-	-
-	-	15	-	-	-	9
-	-	(38)	(24,834)	-	(130)	(3,336)
607	107	-	-	-	-	-
-	(12)	-	-	-	-	-
(1,837)	(147)	185	117,052	(6,049)	(4,984)	(2,258)
5	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(462)
4,463	-	-	-	-	-	-
-	(311)	-	-	-	-	-
-	-	-	-	-	2,000	-
-	867	323	-	11,900	-	-
(2,572)	(115)	(330)	(9,660)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(142,700)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,895	441	(7)	(152,360)	11,900	2,000	(462)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(15)	-	-	-	-	-
-	(76)	-	-	-	-	-
-	-	-	-	-	-	-
(63)	(203)	-	(84)	-	-	(25)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(63)	(294)	-	(84)	-	-	(25)
-	-	-	24,749	-	3,021	3,258
-	-	(1)	(15,798)	-	(6,911)	(5,661)
-	-	-	-	-	-	(244)
-	-	-	-	-	-	213
-	-	2	5,590	298	1,369	5,018
-	-	1	14,541	298	(2,522)	2,584
(5)	-	179	(20,851)	6,148	(5,506)	(161)
18	-	648	70,143	4,076	11,181	6,798
$ 14	$ 0	$ 826	$ 49,291	$ 10,225	$ 5,675	$ 6,637

(Continued)

Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 1999

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long-term Disability Insurance	Health Insurance	Tuition Trust
Cash Flows from Operating Activities:						
Cash Receipts from Customers	$ 49,178	$ 8,582	$ 26,968	$ 3,822	$ 420,471	$ 1,847
Cash Payments to Suppliers for Goods and Services	(655)	(1,219)	(269)	(375)	(359,023)	(41)
Cash Payments to Employes for Services	(312)	-	-	-	-	(78)
Cash Payments for Lottery Prizes	-	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Cash Payments for Benefits	(22,831)	(7,598)	(14,970)	(3,378)	(63,264)	-
Interest Income	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	63	-
Other Operating Expenses	-		-	-	-	-
Other Sources of Cash	434	39	-	-	64	-
Other Uses of Cash	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	25,815	(196)	11,729	69	(1,689)	1,728
Cash Flows from Noncapital Financing Activities:						
Operating Grants Receipts	-	-	-	-	-	-
Grants for Loans to Governments	-	-	-	-	-	-
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Retirement of Long-term Debt	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-
Interfund Loans Received	-	-	-	-	-	-
Interfund Loans Repaid	-	-	-	-	-	-
Interfund Advances	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-
Other Cash Inflows from Noncapital Financing Activities	-	-	-	-	-	-
Other Cash Outflows from Noncapital Financing Activities:						
Property Tax Credits	-	-	-	-	-	-
Grants Disbursed	-	-	-	-	-	-
Escrow Deposit	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Repayment of Long-term Debt	-	-	-	-	-	-
Proceeds from Short-term Notes	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-
Payments for Purchase of Fixed Assets	(30)	-	-	-	-	-
Other Cash Flows from Capital Financing Activities	-	-	-	-	-	-
Other Cash Outflows from Capital Financing Activities	-	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(30)	-	-	-	-	-
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	8,166	-	-	-	-	(796)
Purchase of Investment Securities	(70,265)	-	-	-	-	-
Cash Payments for Loans Originated	-	-	-	-	-	-
Collection of Loans	-	-	-	-	-	-
Interest and Dividends Receipts	31,943	8,613	6,628	28,878	2,919	(6)
Net Cash Provided (Used) by Investing Activities	(30,157)	8,613	6,628	28,878	2,919	(802)
Net Increase (Decrease) in Cash and Cash Equivalents	(4,372)	8,417	18,357	28,947	1,229	926
Cash and Cash Equivalents, Beginning of Year	10,555	70,991	36,905	194,190	33,042	675
Cash and Cash Equivalents, End of Year	$ 6,183	$ 79,408	$ 55,262	$ 223,137	$ 34,271	$ 1,601

Environmental Improvement	Veterans Trust	Veterans Mortgage Loan Repayment	Wisconsin Education Revenue Bonds	Transportation Infrastructure Loan	Wisconsin Public Broadcasting Foundation	Totals
$ -	$ 253	$ -	$ -	$ -	$ -	$ 1,165,961
(1,633)	(600)	(55)	(105)	-	(598)	(450,797)
(2,835)	(2,412)	(3,242)	-	-	(731)	(194,083)
-	-	-	-	-	-	(247,635)
-	(11,838)	(134,390)	-	(388)	-	(146,616)
-	-	-	-	-	-	(157,647)
-	5,881	44,085	501	-	-	50,575
-	18,668	89,389	1,278	-	-	109,335
-	-	-	-	-	5,952	6,078
-	(4,189)	(4,190)	(18)	-	-	(36,735)
-	-	-	-	-	-	2,540
-	-	-	-	-	-	(13)
(4,468)	5,764	(8,404)	1,656	(388)	4,623	100,964
1,858	178	-	-	1,260	1,066	4,651
49,607	-	-	-	-	-	49,607
112,690	-	74,868	-	-	-	187,559
(24,200)	-	(10,958)	(1,755)	-	-	(36,913)
(26,651)	-	(39,944)	(361)	-	-	(67,419)
-	-	-	-	-	-	12,558
-	-	-	-	-	-	(311)
-	-	-	-	-	-	2,000
-	-	1,797	-	375	-	53,997
-	(18)	(3)	-	-	(5,623)	(24,890)
31,000	-	-	-	-	-	31,000
(4,000)	-	-	-	-	-	(4,000)
-	25	-	-	-	-	25
-	-	-	-	-	-	(142,700)
(11,978)	-	-	-	-	-	(11,978)
(111,464)	-	-	-	-	-	(111,464)
(208)	-	-	-	-	-	(208)
16,654	185	25,761	(2,116)	1,635	(4,557)	(58,485)
-	257	-	-	-	-	1,982
-	-	-	-	-	-	(775)
-	10	-	-	-	-	10
-	-	-	-	-	-	(654)
-	-	-	-	-	-	(156)
-	-	-	-	-	-	35
-	(275)	(37)	-	-	-	(3,738)
-	377	-	-	-	-	625
-	(70)	-	-	-	-	(71)
-	299	(37)	-	-	-	(2,741)
31,644	-	-	-	-	140	70,182
(28,416)	-	-	-	-	(369)	(127,422)
(151,614)	-	-	-	-	-	(151,858)
43,373	-	-	-	-	-	43,586
47,883	1,556	5,414	6	49	356	146,530
(57,129)	1,556	5,414	6	49	127	(18,980)
(44,944)	7,803	22,734	(453)	1,296	193	20,757
253,262	27,464	193,906	547	-	1,244	922,136
$ 208,318	$ 35,267	$ 216,640	$ 93	$ 1,296	$ 1,437	$ 942,893

(Continued)

Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 1999

(Continued)

	State Fair Park	Home for Veterans	Mendota Mental Health Institute	Winnebago Mental Health Institute	Northern Developmental Disabilities Center	Central Developmental Disabilities Center
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:						
Operating Income (Loss)	$ 191	$ (1,707)	$ (19,104)	$ (13,575)	$ 1,049	$ 369
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	1,618	2,168	695	673	1,150	759
Amortization	-	-	-	-	-	-
Provision for Uncollectible Accounts	(8)	-	-	-	-	-
Operating Income (Investment Income) Classified as Investing Activity	-	-	-	-	-	-
Operating Expense (Interest Expense) Classified as Noncapital Financing Activities	-	-	-	-	-	-
Miscellaneous Nonoperating Income (Expense)	-	333	362	152	229	113
Changes in Assets and Liabilities:						
Decrease (Increase) in Receivables	148	10	(3,112)	(2,274)	(2,408)	(4,343)
Decrease (Increase) in Due from Other Funds	(1)	(35)	(4,127)	(3,575)	(648)	94
Decrease (Increase) in Due from Component Units	-	-	-	-	-	-
Decrease (Increase) in Due from Other Governments	-	106	-	-	-	-
Decrease (Increase) in Inventories	88	69	(68)	(124)	(102)	(60)
Decrease (Increase) in Prepaid Items	(4)	(19)	(74)	(96)	(62)	(90)
Decrease (Increase) in Other Assets	-	-	-	-	-	-
Decrease (Increase) in Deferred Charges	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	(66)	738	889	612	1,661	2,172
Increase (Decrease) in Compensated Absences	9	115	41	(12)	74	182
Increase (Decrease) in Due to Other Funds	556	(131)	(18)	(53)	272	1,228
Increase (Decrease) in Due to Other Governments	(1)	-	-	-	-	(39)
Increase (Decrease) in Tax and Other Deposits	5	1	-	-	-	-
Increase (Decrease) in Deferred Revenue	(229)	-	-	-	-	-
Increase (Decrease) in Interest Payable	-	-	-	-	-	-
Increase (Decrease) in Future Benefits and Loss Liabilities	-	-	-	-	-	-
Total Adjustments	2,116	3,354	(5,412)	(4,698)	165	16
Net Cash Provided by Operating Activities	$ 2,307	$ 1,647	$ (24,516)	$ (18,273)	$ 1,214	$ 384
Noncash Investing, Capital and Financing Activities:						
Capital Leases (Initial Year):						
Fair Market Value	$ -	$ 250	$ -	$ -	$ -	$ -
Current Year Cash Receipts (Payments)	-	(46)	-	-	-	-
Contributions/Transfer In (Out) of Noncash Assets and Liabilities from/to Other Funds	-	175	477	(4,258)	6	31
Net change in unrealized gains and losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

Southern Developmental Disabilities Center	Institutional Farm Operations	Institutional Canteen Operations	Lottery	Health Insurance Risk Sharing Plan	Local Government Property Insurance	State Life Insurance
$ (1,236)	$ (360)	$ 154	$ 134,299	$ (5,055)	$ 964	$ (3,701)
943	196	33	346	-	-	16
-	-	-	-	-	(70)	-
-	-	-	-	-	-	-
-	-	-	-	-	(1,141)	(1,395)
-	-	-	-	-	-	462
607	94	2	-	-	-	-
(8,746)	(87)	(12)	(9,246)	(425)	(3,530)	(3)
2,886	(9)	5	-	(13)	44	-
-	-	-	-	-	-	-
-	-	-	-	-	(613)	-
109	(276)	52	(141)	-	-	-
(14)	(2)	(3)	37	-	-	(1)
-	-	-	1,060	-	-	-
-	-	-	-	-	(966)	10
3,016	95	(73)	(9,064)	(309)	299	63
(14)	2	2	44	-	-	(1)
612	200	15	88	82	(3)	14
-	-	-	-	-	-	-
-	-	-	(4)	-	-	619
-	-	9	(364)	677	(48)	-
-	-	-	-	-	-	-
-	-	-	-	(1,005)	81	1,660
(601)	213	31	(17,247)	(994)	(5,948)	1,443
$ (1,837)	$ (147)	$ 185	$ 117,052	$ (6,049)	$ (4,984)	$ (2,258)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
(1,181)	14	-	-	-	-	-
-	-	-	(11,933)	-	(159)	(3,692)
-	(61)	-	-	-	-	-

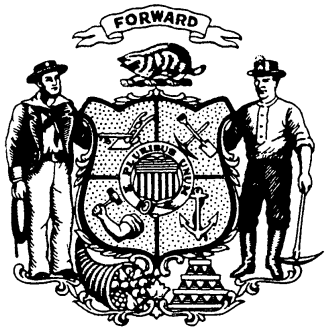
(Continued)

Combining Statement of Cash Flows - All Enterprise Funds
For the Fiscal Year Ended June 30, 1999

(Continued)

	Patients Compensation	Income Continuation Insurance	Duty Disability	Long-term Disability Insurance	Health Insurance	Tuition Trust
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:						
Operating Income (Loss)	$ 30,317	$ 5,136	$ (467)	$ 16,796	$ (4,205)	$ 1
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	6	-	-	-	-	4
Amortization	-	-	-	-	-	-
Provision for Uncollectible Accounts	(72)	-	-	-	-	-
Operating Income (Investment Income) Classified as Investing Activity	(10,990)	(5,781)	(5,973)	(21,516)	(2,919)	(5)
Operating Expense (Interest Expense) Classified as Noncapital Financing Activities	-	-	-	-	-	-
Miscellaneous Nonoperating Income (Expense)	434	-	-	-	64	-
Changes in Assets and Liabilities:						
Decrease (Increase) in Receivables	(2,034)	400	(74)	4	-	-
Decrease (Increase) in Due from Other Funds	-	182	(48)	-	644	-
Decrease (Increase) in Due from Component Units	(1)	-	-	-	-	-
Decrease (Increase) in Due from Other Governments	-	-	-	-	-	-
Decrease (Increase) in Inventories	-	-	-	-	-	-
Decrease (Increase) in Prepaid Items	-	-	-	-	(2,921)	-
Decrease (Increase) in Other Assets	-	-	-	-	-	-
Decrease (Increase) in Deferred Charges	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	621	(105)	-	85	1,188	10
Increase (Decrease) in Compensated Absences	(2)	-	-	-	-	-
Increase (Decrease) in Due to Other Funds	(81)	(48)	(17)	(552)	(102)	66
Increase (Decrease) in Due to Other Governments	-	-	-	-	-	-
Increase (Decrease) in Tax and Other Deposits	-	-	-	-	-	-
Increase (Decrease) in Deferred Revenue	(36)	11	-	-	3,271	-
Increase (Decrease) in Interest Payable	-	-	-	-	-	-
Increase (Decrease) in Future Benefits and Loss Liabilities	7,653	10	18,308	5,252	3,291	1,653
Total Adjustments	(4,502)	(5,332)	12,197	(16,727)	2,515	1,728
Net Cash Provided by Operating Activities	$ 25,815	$ (196)	$ 11,729	$ 69	$ (1,689)	$ 1,728
Noncash Investing, Capital and Financing Activities:						
Capital Leases (Initial Year):						
Fair Market Value	$ -	$ -	$ -	$ -	$ -	$ -
Current Year Cash Receipts (Payments)	-	-	-	-	-	-
Contributions/Transfer In (Out) of Noncash Assets and Liabilities from/to Other Funds	-	-	-	-	-	-
Net change in unrealized gains and losses	(20,964)	-	-	-	-	(189)
Other	-	-	-	-	-	-

Environmental Improvement	Veterans Trust	Veterans Mortgage Loan Repayment	Wisconsin Education Revenue Bonds	Transportation Infrastructure Loan	Wisconsin Public Broadcasting Foundation	Totals
$ (6,696)	$ (2,120)	$ (6,271)	$ 25	$ 12	$ 4,544	$ 129,356
17	363	38	-	-	-	9,026
1,092	-	-	-	-	-	1,022
-	(4)	7	-	-	-	(76)
(26,010)	-	-	-	-	-	(75,729)
26,061	-	41,257	353	-	-	68,132
-	-	-	-	-	-	2,391
-	6,915	(31,325)	1,279	(400)	(87)	(59,351)
2,949	101	827	-	-	4	(721)
-	-	-	-	-	-	(1)
-	-	-	-	-	(3)	(510)
-	15	-	-	-	-	(439)
(3)	(10)	(1)	-	-	-	(3,263)
-	-	(207)	-	-	-	853
348	-	(798)	-	-	-	(1,406)
37	438	(11,636)	-	-	(309)	(9,640)
32	27	18	-	-	-	516
(2,172)	(2)	(139)	-	-	484	298
-	9	-	-	-	(1)	(32)
-	31	-	-	-	-	650
-	-	(173)	-	-	(9)	3,108
(122)	-	-	-	-	-	(122)
-	-	-	-	-	-	36,902
2,228	7,884	(2,132)	1,632	(400)	79	(28,392)
(4,468)	$ 5,764	$ (8,404)	$ 1,656	$ (388)	$ 4,623	$ 100,964
$ -	$ -	$ -	$ -	$ -	$ -	$ 250
-	-	-	-	-	-	(46)
-	1,333	-	-	-	-	(3,402)
(3,762)	-	-	-	-	180	(40,519)
-	-	-	-	-	-	(61)


FORWARD

Internal Service Funds

INTERNAL SERVICE: Internal service funds account for the operations of State agencies which render services to other State agencies, institutions, or other governmental units on a cost-reimbursement basis. The State's internal service funds are described below:

The **Services to Nonstate Governmental Units Fund** accounts for the costs associated with providing services to purchasers outside of State government. Moneys to finance these services come from user fees from the van pool and ride sharing program and from the sale of federal property.

The **Information Technology Services Fund** accounts for computing services provided to the State agencies and the purchase and installation of data processing and word processing equipment for State agencies requesting this service. The moneys to finance this service come from computing service charges.

The **Materials and Services to State Agencies Fund** accounts for the costs associated with providing materials and services to State agencies. Moneys to finance these costs come primarily from State agency user fees.

The **Fleet Services Fund** accounts for the costs associated with providing vehicle and aircraft services to State agencies. Moneys to finance these services come from user fees and the sale of used vehicles.

The **Building Construction Services Fund** accounts for the costs associated with providing building construction services to State agencies. Moneys to finance this service come from State agency user fees.

The **Printing and Other Services Fund** accounts for the costs associated with providing State agencies with printing services, document sales and mailing services. Moneys to cover these costs come from State agency user fees and the sale of documents.

The **State Telephone System Fund** accounts for the costs associated with providing State agencies and other governmental units with a State telecommunication system. Moneys to finance this system come from State agency user fees.

The **Financial Services Fund** accounts for the costs associated with providing accounting, auditing, payroll and other financial services to State agencies. Moneys to finance these services come from State agency user fees.

The **Facilities Operations and Maintenance Fund** accounts for the costs of operating State-owned facilities including utilities, heat, protective services, custodial and maintenance services and minor repair projects. The moneys to finance these costs are supplied from rents charged for facility and parking use and a general purpose revenue supplement for maintenance of the capitol and executive residence.

The **Risk Management Fund** accounts for the costs of losses for damage to property owned by agencies, personal injury or property damage liabilities incurred by a State officer, agent or employe, and workers' compensation costs for State employes. Moneys to finance these costs come from charges to State agencies.

The **Institutional Power Plant Fund** accounts for heat, electricity, water and sewer services provided primarily to State-owned institutions operated by the Department of Corrections and the Department of Health and Family Services. Revenues come from charges for these sales and services.

The **Central Warehouse Fund** accounts for the revenues generated in acting as the central purchasing and distribution center of commodities and certain supplies for State agencies and other governments. The revenues for this program are attributable to charges for goods and services.

The **Badger State Industries Fund** accounts for the program which gives inmates work experience in manufacturing goods and providing services. The sale of goods and services provides the moneys necessary to run the program.

Combining Balance Sheet - All Internal Service Funds
June 30, 1999

(In Thousands)

	Services to Nonstate Governmental Units	Information Technology Services	Materials and Services to State Agencies	Fleet Services	Building Construction Services	Printing and Other Services
Assets						
Cash and Cash Equivalents	$ -	$ 4,059	$ 1,106	$ -	$ 2,725	$ 102
Receivables (net of estimated uncollectible accounts):						
Other Receivables	-	-	-	2	-	8
Due from Other Funds	216	7,348	756	1,345	1,968	2,274
Due from Component Units	-	-	2	1	-	195
Due from Other Governments	1	-	-	1	-	13
Inventories	-	-	-	120	-	1,038
Prepaid Items	2	53	27	9	52	304
Advances to Other Funds	-	-	-	-	-	-
Deferred Charges	-	-	-	-	-	-
Fixed Assets (net of accumulated depreciation)	711	11,060	494	25,000	43	1,372
Total Assets	$ 930	$ 22,520	$ 2,386	$ 26,478	$ 4,789	$ 5,305
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ 94	$ 3,147	$ 652	$ 1,992	$ 547	$ 652
Due to Other Funds	102	2,720	379	78	325	184
Interfund Loans Payable	1,410	-	-	23,425	-	3,762
Due to Other Governments	-	-	1	39	-	10
Deferred Revenue	-	-	-	-	795	-
Interest Payable	-	97	-	-	-	-
Short-term Notes Payable	-	-	-	-	-	-
Future Benefits and Loss Liabilities	-	-	-	-	-	-
Capital Leases	-	6,951	-	-	-	-
Compensated Absences	18	488	227	50	482	89
General Obligation Bonds Payable	-	-	-	-	-	-
Total Liabilities	1,624	13,404	1,259	25,584	2,149	4,697
Fund Equity:						
Contributed Capital	-	10,472	15	3	-	1,779
Retained Earnings:						
Unreserved	(694)	(1,357)	1,112	891	2,640	(1,171)
Total Fund Equity	(694)	9,115	1,127	894	2,640	608
Total Liabilities and Fund Equity	$ 930	$ 22,520	$ 2,386	$ 26,478	$ 4,789	$ 5,305

State Telephone System	Financial Services	Facilities Operations and Maintenance	Risk Management	Institutional Power Plants	Central Warehouse	Badger State Industries	Totals
$ -	$ 1,008	$ 3,856	$ 12,599	$ 558	$ 1,163	$ 6	$ 27,182
456	-	5	-	2	-	691	1,164
9,131	47	5,817	135	557	335	3,706	33,635
69	-	-	-	-	-	-	268
267	-	27	-	-	63	28	401
-	-	1,034	-	157	1,408	3,573	7,330
20,357	16	91	9	21	3	57	21,001
3,308	-	-	-	-	-	-	3,308
-	-	474	-	-	-	1	474
7,283	5,114	159,744	186	3,992	1,259	1,922	218,180
$ 40,871	$ 6,185	$ 171,047	$ 12,930	$ 5,287	$ 4,232	$ 9,984	$ 312,942
$ 18,316	$ 183	$ 3,153	$ 468	$ 220	$ 309	$ 1,110	$ 30,843
160	338	10,897	168	300	18	422	16,091
12,721	-	-	-	122	-	501	41,941
1	-	44	-	-	-	1	96
7,502	-	-	-	-	-	34	8,331
312	34	932	-	1	-	8	1,384
-	-	566	-	-	-	-	566
-	-	-	80,529	-	-	-	80,529
3,450	2,498	-	-	53	-	346	13,298
206	148	534	27	78	23	155	2,524
-	-	104,404	-	-	-	160	104,564
42,667	3,201	120,530	81,191	775	350	2,737	300,168
-	-	3,713	20	7,682	805	1,826	26,315
(1,796)	2,984	46,804	(68,281)	(3,171)	3,077	5,421	(13,541)
(1,796)	2,984	50,517	(68,261)	4,511	3,882	7,247	12,774
$ 40,871	$ 6,185	$ 171,047	$ 12,930	$ 5,287	$ 4,232	$ 9,984	$ 312,942

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Internal Service Funds For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Services to Nonstate Governmental Units	Information Technology Services	Materials and Services to State Agencies	Fleet Services	Building Construction Services	Printing and Other Services
Operating Revenues:						
Charges For Goods and Services	$ 908	$ 42,983	$ 4,307	$ 10,608	$ 10,098	$ 14,475
Investment and Interest Income	-	-	-	-	-	-
Other Income	-	-	-	392	-	-
Total Operating Revenues	908	42,983	4,307	11,001	10,098	14,475
Operating Expenses:						
Personal Services	244	9,286	3,358	1,164	7,536	2,670
Supplies and Services	419	26,522	840	5,389	2,150	12,230
Depreciation	212	12,904	169	5,000	36	497
Benefit Expense	-	-	-	-	-	-
Total Operating Expenses	875	48,712	4,367	11,553	9,721	15,396
Operating Income (Loss)	32	(5,728)	(60)	(553)	377	(921)
Nonoperating Revenues (Expenses):						
Operating Grants	24	-	-	-	-	331
Investment and Interest Income	-	-	-	-	-	-
Gain (Loss) on Disposal of Fixed Assets	7	27	-	501	(7)	20
Interest Expense	(33)	(309)	(1)	(4)	-	(1)
Other Revenues	54	54	218	8	-	3
Other Expenses	(20)	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	32	(228)	217	504	(7)	352
Income (Loss) Before Operating Transfers	64	(5,957)	157	(48)	370	(568)
Operating Transfers In	236	-	65	71	91	250
Operating Transfers Out	(94)	(102)	-	(55)	-	-
Net Income (Loss)	206	(6,059)	222	(33)	461	(318)
Retained Earnings, Beginning of Year	(900)	4,702	890	924	2,178	(853)
Retained Earnings, End of Year	$ (694)	$ (1,357)	$ 1,112	$ 891	$ 2,640	$ (1,171)

State Telephone System	Financial Services	Facilities Operations and Maintenance	Risk Management	Institutional Power Plants	Central Warehouse	Badger State Industries	Totals
$ 36,904	$ 10,115	$ 34,910	$ 20,838	$ 5,141	$ 8,120	$ 20,599	$ 220,006
-	-	-	-	-	-	6	6
408	-	126	-	-	-	-	926
37,311	10,115	35,036	20,838	5,141	8,120	20,605	220,938
2,784	2,334	12,457	1,033	2,067	335	4,502	49,770
36,634	4,562	16,620	2,398	3,069	7,599	14,679	133,110
2,193	1,294	3,647	31	349	91	348	26,770
-	-	-	20,769	-	-	-	20,769
41,611	8,191	32,724	24,231	5,485	8,025	19,529	230,419
(4,300)	1,924	2,312	(3,392)	(344)	95	1,076	(9,481)
-	-	-	-	-	-	-	355
-	-	125	-	-	-	17	143
(5)	-	(9)	-	-	-	(6)	526
(520)	(154)	(4,182)	(1)	(4)	-	(33)	(5,242)
2,276	14	344	1,709	-	-	-	4,681
-	-	(17)	-	-	-	-	(37)
1,751	(140)	(3,739)	1,708	(4)	-	(21)	426
(2,549)	1,784	(1,427)	(1,684)	(347)	95	1,055	(9,055)
9	-	5,491	-	5	-	-	6,219
-	(421)	(3,694)	-	(41)	(5)	(412)	(4,826)
(2,540)	1,363	370	(1,684)	(383)	90	643	(7,662)
744	1,621	46,434	(66,597)	(2,788)	2,987	4,779	(5,879)
$ (1,796)	$ 2,984	46,804	$ (68,281)	$ (3,171)	$ 3,077	$ 5,421	$ (13,541)

Combining Statement of Cash Flows - All Internal Service Funds
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Services to Nonstate Governmental Units	Information Technology Services	Materials and Services to State Agencies	Fleet Services	Building Construction Services	Printing and Other Services
Cash Flows from Operating Activities:						
Cash Receipts from Customers	$ 912	$ 42,569	$ 4,248	$ 10,997	$ 11,376	$ 14,116
Cash Payments to Suppliers for Goods and Services	(286)	(24,277)	(893)	(5,466)	(2,061)	(11,719)
Cash Payments to Employes for Services	(239)	(9,129)	(3,303)	(1,157)	(7,535)	(2,664)
Cash Payments for Benefits	-	-	-	-	-	-
Other Operating Revenues	-	-	2	397	-	-
Other Sources of Cash	53	57	-	4	-	3
Other Uses of Cash	(20)	-	(189)	-	-	-
Net Cash Provided (Used) by Operating Activities	420	9,221	(134)	4,775	1,780	(264)
Cash Flows from Noncapital Financing Activities:						
Operating Grants Receipts	33	-	-	-	-	331
Interest Payments	-	-	-	-	-	-
Interfund Loans Received	-	-	-	1,931	-	-
Interfund Loans Repaid	(501)	-	-	-	-	(61)
Interfund Advances	-	-	-	-	-	-
Operating Transfers In	236	-	60	71	91	250
Operating Transfers Out	(94)	(102)	-	(55)	-	-
Other Cash Inflows from Noncapital Financing Activities	-	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(327)	(102)	60	1,947	91	520
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance of Long-term Debt	-	-	-	-	-	-
Repayment of Long-term Debt	-	-	-	-	-	-
Proceeds from Short-term Notes Payable	-	-	-	-	-	-
Interest Payments	(33)	(311)	(3)	(4)	-	(1)
Interfund Advances Repaid	-	(1,896)	-	-	-	-
Capital Lease Obligations	-	(3,305)	(33)	-	-	-
Proceeds from Sale of Fixed Assets	52	27	-	1,382	-	34
Payments for Purchase of Fixed Assets	(112)	(1,000)	(185)	(8,100)	-	(404)
Net Cash Provided (Used) by Capital and Related Financing Activities	(94)	(6,486)	(221)	(6,722)	-	(370)
Cash Flows from Investing Activities:						
Investment and Interest Receipts	-	-	-	-	-	-
Net Cash Flows from Investing Activities	-	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	-	2,632	(295)	-	1,871	(114)
Cash and Cash Equivalents, Beginning of Year	-	1,426	1,400	-	854	216
Cash and Cash Equivalents, End of Year	$ 0	$ 4,059	$ 1,106	$ 0	$ 2,725	$ 102

State Telephone System	Financial Services	Facilities Operations and Maintenance	Risk Management	Institutional Power Plants	Central Warehouse	Badger State Industries	Totals
$ 32,254	$ 12,953	$ 33,271	$ 20,830	$ 5,025	$ 8,242	$ 19,825	$ 216,618
(41,080)	(4,778)	(16,554)	(2,374)	(2,935)	(7,729)	(14,713)	(134,865)
(2,746)	(2,288)	(12,450)	(1,020)	(2,078)	(331)	(4,461)	(49,400)
-	-	-	(18,894)	-	-	-	(18,894)
168	-	126	-	-	-	-	694
9,778	13	7,933	1,709	-	-	-	19,550
-	-	(17)	-	-	-	-	(225)
(1,625)	5,901	12,309	250	12	182	651	33,479
-	-	-	-	-	-	-	364
-	-	-	-	(4)	-	-	(4)
1,764	-	-	-	66	-	296	4,057
-	(2,183)	-	-	-	-	-	(2,744)
2,146	-	-	-	-	-	-	2,146
9	-	5,514	-	5	-	-	6,236
-	(421)	(3,694)	-	(42)	(5)	(412)	(4,827)
-	-	-	-	-	-	1	1
3,919	(2,603)	1,820	-	26	(5)	(116)	5,229
-	-	6,631	-	-	-	-	6,631
-	-	(7,983)	-	-	-	(4)	(7,987)
-	-	18	-	-	-	-	18
(272)	(177)	(2,380)	(1)	-	-	(35)	(3,219)
-	-	-	-	-	-	-	(1,896)
(962)	(2,112)	-	-	-	-	(112)	(6,524)
-	-	-	-	-	-	-	1,495
(1,059)	-	(11,042)	(25)	(10)	(21)	(384)	(22,341)
(2,293)	(2,289)	(14,756)	(26)	(10)	(21)	(535)	(33,823)
-	-	125	-	-	-	-	125
-	-	125	-	-	-	-	125
-	1,008	(501)	225	28	156	-	5,011
-	-	4,357	12,374	530	1,007	6	22,171
$ 0	$ 1,008	$ 3,856	$ 12,599	$ 558	$ 1,163	$ 6	$ 27,182

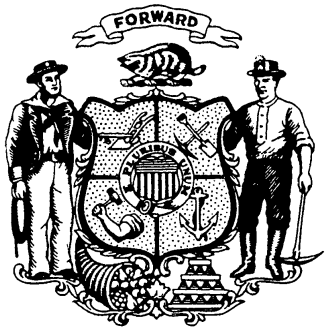
(Continued)

Combining Statement of Cash Flows - All Internal Service Funds
For the Fiscal Year Ended June 30, 1999

(Continued)

	Services to Nonstate Governmental Units	Information Technology Services	Materials and Services to State Agencies	Fleet Services	Building Construction Services	Printing and Other Services
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Operating Income (Loss)	$ 32	$ (5,728)	$ (60)	$ (553)	$ 377	$ (921)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	212	12,904	169	5,000	36	497
Miscellaneous Nonoperating Income (Expense)	35	57	217	4	-	3
Changes in Assets and Liabilities:						
Decrease (Increase) in Receivables	1	-	-	-	-	1
Decrease (Increase) in Due from Other Funds	(4)	(105)	(56)	393	1,318	(293)
Decrease (Increase) in Due from Component Units	-	-	1	-	-	(71)
Decrease (Increase) in Due from Other Governments	7	-	-	-	-	4
Decrease (Increase) in Inventories	-	-	-	(12)	-	(304)
Decrease (Increase) in Prepaid Items	-	(3)	1	-	(2)	558
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	52	88	154	(79)	51	205
Increase (Decrease) in Compensated Absences	4	69	24	1	(26)	2
Increase (Decrease) in Due to Other Funds	83	1,939	(178)	(19)	67	46
Increase (Decrease) in Due to Other Governments	-	-	1	39	-	10
Increase (Decrease) in Deferred Revenue	-	-	(406)	-	(40)	-
Increase (Decrease) in Future Benefits and Loss Liabilities	-	-	-	-	-	-
Total Adjustments	388	14,949	(73)	5,328	1,403	657
Net Cash Provided by Operating Activities	$ 420	$ 9,221	$ (134)	$ 4,775	$ 1,780	$ (264)
Noncash Investing, Capital and Financing Activities:						
Contributions/Transfer In (Out) of Noncash Assets and Liabilities from/to Other Funds	$ -	$ -	$ -	$ -	$ -	$ -
Other	-	-	-	613	-	-

State Telephone System	Financial Services	Facilities Operations and Maintenance	Risk Management	Institutional Power Plants	Central Warehouse	Badger State Industries	Totals
$ (4,300)	$ 1,924	$ 2,312	$ (3,392)	$ (344)	$ 95	$ 1,076	$ (9,481)
2,193	1,294	3,647	31	349	91	348	26,770
9,778	13	7,916	1,709	-	-	-	19,732
(431)	-	4	-	157	2	(172)	(439)
(4,310)	2,839	(1,642)	(8)	(355)	138	(829)	(2,916)
3	-	-	-	-	-	-	(66)
(151)	-	(2)	-	-	(17)	50	(110)
-	-	(82)	-	(30)	54	2	(372)
(19,766)	(3)	(4)	-	(4)	-	(23)	(19,247)
15,760	37	160	55	(56)	(182)	199	16,443
48	23	98	5	5	4	16	274
(444)	(228)	84	(24)	290	(2)	(5)	1,607
(4)	-	(182)	-	-	-	(2)	(138)
-	-	-	-	-	-	(8)	(454)
-	-	-	1,875	-	-	-	1,875
2,675	3,977	9,997	3,643	355	87	(425)	42,960
$ (1,625)	$ 5,901	$ 12,309	$ 250	$ 12	$ 182	$ 651	$ 33,479
$ -	$ -	$ -	$ -	$ 401	$ -	$ -	$ 401
-	-	-	-	-	-	(6)	607


FORWARD

Trust and Agency Funds

TRUST AND AGENCY: Trust and agency funds are fiduciary in nature and are maintained to account for assets held by the State acting in the capacity as a trustee or agent. The State's trust and agency funds, consisting of expendable trust, nonexpendable trust, pension trust, investment trust and agency funds, are described below:

EXPENDABLE TRUST: Expendable trust funds are trust funds whose resources, including both principal and earnings, may be expended by the State. The State's expendable trust funds are described below:

The **Petroleum Violation Fund** accounts for oil overcharge restitution funds redistributed through energy related grants and contracts.

The **Unclaimed Property Program Fund** accounts for unclaimed stocks, bank accounts, insurance proceeds, utility deposits and uncashed checks which are deposited with the State after five years of abandonment. Upon an unsuccessful attempt to locate the owner, the funds are deposited in the Common School Fund where they are loaned to local governments. These funds may be claimed at any time by the owners or their heirs.

The **Children's Trust Fund** accounts for the program which provides information and encourages the development of child abuse and neglect prevention programs. This fund is supported primarily with investment income and moneys received as contributions, grants, gifts and bequests.

The **Accumulated Sick Leave Fund** accounts for the prefunding payment of group health insurance premiums for retired employes or the surviving spouse/dependent minor children if the employe had accumulated unused sick leave upon retirement.

The **State Capitol Restoration Fund** accounts for gifts, grants and bequests received and costs incurred for the maintenance, restoration, preservation and rehabilitation of the buildings and grounds of the State Capitol, and associated artifacts and other historic objects.

The **Special Death Benefits Fund** accounts for transactions and activities for members of the former Milwaukee Teacher Retirement Fund who have elected to participate in a special death benefit fund.

The **Employe Reimbursement Accounts Fund** was created under Internal Revenue Code Section 125 to account for moneys deposited by State employe participants as pre-tax earnings for use in paying eligible dependent care and medical expenses.

The **Life Insurance Fund** accounts for transactions related to the collection and payment of premiums for State and local participating employes' group life insurance contracts with a life insurance carrier.

The **Deferred Compensation Plan Fund** accounts for participant earnings deferred in accordance with Internal Revenue Code Section 457. Amounts deferred are invested through an independent agent and are not subject to federal income taxes until paid to participants upon termination or retirement from employment, death, or for an unforeseeable emergency.

The **Common School Income Fund** accounts for the distribution of earnings of the Common School Fund. Distributions aid local school districts and cover administrative costs incurred by the Public Lands Commission.

The **Unemployment Insurance Reserve Fund** accounts for unemployment contributions made by employers, federal program receipts, benefit payment recoveries and unemployment benefits paid to laid off workers in the State.

(Continued)

Trust and Agency Funds

(Continued)

NONEXPENDABLE TRUST: Nonexpendable trust funds are trust funds, the principal of which may not be expended by the State. The State's nonexpendable trust funds are described below:

The **Agriculture Fund** accounts for federal land grant revenues used as public purpose loans for municipalities and school districts.

The **Common School Fund** accounts for revenues received from the sale of federally granted land, fines and forfeitures from penal law breaches, and the disposal of escheated property. These moneys are used for public purpose loans to municipalities and school districts.

The **Normal School Fund** accounts for public purpose loans to municipalities and school districts. These loans are financed with revenues derived from the sale of federally granted land and timber. The interest generated from this fund is used to support and maintain State universities.

The **University Fund** accounts for federal land grant revenues used for public loans to municipalities and school districts.

The **Historical Society Fund** accounts for investment income and donations received by the State Historical Society to assist in the operations of the State's archives, research and library services, museums, historic preservation, and executive and administrative services.

The **Benevolent Fund** accounts for investment income used for the care, custody and education of residents committed to the Lincoln Hills School.

PENSION TRUST FUNDS: Pension trust funds account for activities of the public employe retirement system.

Retirement contributions made by and on behalf of participants in the **Wisconsin Retirement System** are deposited in two trusts. The fixed retirement investment trust is a pooled investment trust consisting of fixed-income securities and equity securities. The variable retirement investment trust primarily accounts for investment in stock. The Wisconsin Retirement System also receives employer payments and provides benefits to certain local police officers and firefighters, which are recorded in the police and firefighters trust.

INVESTMENT TRUST FUND: Investment trust funds account for assets invested on a commingled basis by the State on behalf of other governmental entities. The State's investment trust funds are described below:

The **Local Government Pooled Investment Fund** was established to enable local governments in Wisconsin to voluntarily invest any idle local moneys. The sources of this fund are local government investment deposits and their share of the investment earnings of the fund. Deductions occur as withdrawals are requested by local governments.

The **Milwaukee Retirement Systems Fund** accounts for funds of the city of Milwaukee Retirement System and the Milwaukee Public Schools invested as part of the fixed retirement investment trust of the Wisconsin Retirement System.

AGENCY FUNDS: Agency funds report those assets for which the State acts solely in a custodial capacity. The State's agency funds are described below:

The **Insurance Company Liquidation Account Fund** accounts for the assets of insurance companies that are liquidated. These assets are used to pay claims and administrative costs associated with the liquidation.

The **Inmate and Resident Fund** accounts for the assets of inmates and residents in State institutions.

The **Bank and Insurance Company Deposits Fund** accounts for the statutorily required deposits of securities with the State by banks and insurance companies doing business in Wisconsin.

The **Support Collection Trust Fund** accounts for the centralized receipt and disbursement of court ordered temporary or permanent maintenance, child support or family support and related fees.

Combining Balance Sheet - Trust and Agency Funds
June 30, 1999

(In Thousands)

	Expendable Trust	Non-expendable Trust	Pension Trust	Investment Trust	Agency	Totals
Assets						
Cash and Cash Equivalents	$ 2,266,153	$ 244,359	$ 1,044,177	$ 2,978,015	$ 63,562	$ 6,596,266
Investments	1,051,181	11,311	56,302,361	-	988	57,365,841
Securities Lending Collateral	-	-	3,917,978	-	-	3,917,978
Receivables (net of estimated uncollectible accounts):						
Loans to Local Governments	54	182,994	-	-	-	183,048
Prior Service Contributions Receivable	-	-	2,093,634	-	-	2,093,634
Other Receivables	127,958	61	953,474	-	897	1,082,390
Due from Other Funds	40,615	37	27,746	4,455	461	73,314
Due from Other Governments	5,258	-	89,988	-	-	95,246
Prepaid Items	4,768	1	1,010	-	-	5,778
Fixed Assets	-	635	-	-	-	635
Other Assets:						
Assets Held in Custody for Others	9,705	-	-	-	240,964	250,669
Other	173	-	-	-	-	173
Total Assets	$ 3,505,866	$ 439,397	$ 64,430,367	$ 2,982,470	$ 306,872	$ 71,664,972
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ 21,387	$ 155	$ 511,364	$ -	$ 39,064	$ 571,971
Due to Other Funds	1,721	127	84,902	34	6,440	93,223
Due to Component Units	1	-	-	-	-	1
Due to Other Governments	2,373	-	335	-	12,167	14,876
Tax and Other Deposits	-	-	101	-	249,200	249,301
Deferred Revenue	1,738	-	416	-	-	2,154
Securities Lending Collateral Liability	-	-	3,917,978	-	-	3,917,978
Compensated Absences	455,847	-	-	-	-	455,847
Total Liabilities	483,067	283	4,515,096	34	306,872	5,305,351
Fund Balances:						
Reserved for Encumbrances	6,863	-	-	-	-	6,863
Reserved for Prepaid Items	2,835	-	1,010	-	-	3,845
Reserved for Employe Benefits	-	-	46,593,039	-	-	46,593,039
Reserved for Pool Participants	-	-	-	2,982,436	-	2,982,436
Reserved for Market Value Adjustments	112,558	-	13,321,223	-	-	13,433,781
Reserved for Unemployment Insurance	1,824,816	-	-	-	-	1,824,816
Unreserved:						
Undesignated	1,075,727	439,115	-	-	-	1,514,842
Total Fund Balances	3,022,799	439,115	59,915,272	2,982,436	-	66,359,621
Total Liabilities and Fund Balances	$ 3,505,866	$ 439,397	$ 64,430,367	$ 2,982,470	$ 306,872	$ 71,664,972

Combining Balance Sheet - All Expendable Trust Funds
June 30, 1999

(In Thousands)

	Petroleum Violation	Unclaimed Property Program	Children's Trust	Accumulated Sick Leave	State Capitol Restoration	Special Death Benefits
Assets						
Cash and Cash Equivalents	$ 11,085	$ 5,244	$ 27	$ 528,236	$ 18	$ 1,256
Investments	-	-	-	-	-	-
Receivables (net of estimated uncollectible accounts):						
Loans to Local Governments	54	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Due from Other Funds	43	-	3	39,822	-	74
Due from Other Governments	-	-	-	-	-	-
Prepaid Items	1	3	-	2,832	-	-
Other Assets:						
Assets Held in Custody for Others	-	9,705	-	-	-	-
Other	-	-	-	-	-	-
Total Assets	$ 11,183	$ 14,952	$ 30	$ 570,890	$ 18	$ 1,330
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable and Other Accrued Liabilities	$ 22	$ 6,421	$ -	$ -	$ -	$ -
Due to Other Funds	140	28	-	57	-	-
Due to Component Units	1	-	-	-	-	-
Due to Other Governments	52	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Compensated Absences	-	-	-	455,847	-	-
Total Liabilities	215	6,450	-	455,904	-	-
Fund Balances:						
Reserved for Encumbrances	6,855	6	2	-	-	-
Reserved for Prepaid Items	1	3	-	2,832	-	-
Reserved for Market Value Adjustments	-	-	-	112,154	-	403
Reserved for Unemployment Insurance	-	-	-	-	-	-
Unreserved:						
Undesignated	4,113	8,492	28	-	17	927
Total Fund Balances	10,968	8,502	30	114,986	17	1,330
Total Liabilities and Fund Balances	$ 11,183	$ 14,952	$ 30	$ 570,890	$ 18	$ 1,330

Employe Reimbursement Accounts	Life Insurance	Deferred Compensation	Common School Income	Unemployment Insurance Reserve	Totals
$ 1,806	$ 143	$ 1,675	$ 5,943	$ 1,710,720	$ 2,266,153
-	-	1,051,181	-	-	1,051,181
-	-	-	-	-	54
-	-	95	-	127,863	127,958
454	14	-	-	205	40,615
-	-	-	3,016	2,242	5,258
195	1,738	-	-	-	4,768
-	-	-	-	-	9,705
-	-	-	-	173	173
$ 2,455	$ 1,895	$ 1,052,951	$ 8,959	$ 1,841,203	$ 3,505,866
$ 1,671	$ -	$ -	$ -	$ 13,272	$ 21,387
25	32	-	645	794	1,721
-	-	-	-	-	1
-	-	-	-	2,322	2,373
-	1,738	-	-	-	1,738
-	-	-	-	-	455,847
1,695	1,770	-	645	16,387	483,067
-	-	-	-	-	6,863
-	-	-	-	-	2,835
-	-	-	-	-	112,558
-	-	-	-	1,824,816	1,824,816
759	125	1,052,951	8,315	-	1,075,727
759	125	1,052,951	8,315	1,824,816	3,022,799
$ 2,455	$ 1,895	$ 1,052,951	$ 8,959	$ 1,841,203	$ 3,505,866

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Expendable Trust Funds For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Petroleum Violation	Unclaimed Property Program	Children's Trust	Accumulated Sick Leave	State Capitol Restoration	Special Death Benefits
Revenues:						
Intergovernmental	$ 447	$ -	$ -	$ -	$ -	$ -
Charges for Goods and Services	-	2	-	-	-	-
Contributions	-	-	-	67,684	-	-
Investment and Interest Income	571	-	-	50,305	-	80
Gifts and Donations	-	-	10	-	-	-
Other Revenues:						
Escheat Revenue	-	12,122	-	-	-	-
Reimbursable Financing Revenue	-	-	-	-	-	-
Other	-	-	-	-	213	-
Total Revenues	1,018	12,124	10	117,989	213	80
Expenditures:						
Current:						
Education	-	-	-	-	-	-
Human Relations and Resources	-	-	28	-	-	-
General Executive	1,030	895	-	115,088	10	54
Total Expenditures	1,030	895	28	115,088	10	54
Excess of Revenues Over (Under) Expenditures	(12)	11,229	(18)	2,901	202	26
Other Financing Sources (Uses):						
Operating Transfers Out	(771)	(12,000)	-	-	(239)	-
Total Other Financing Sources (Uses)	(771)	(12,000)	-	-	(239)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(783)	(771)	(18)	2,901	(36)	26
Fund Balances, Beginning of Year	11,751	9,273	49	112,085	54	1,304
Fund Balances, End of Year	$ 10,968	$ 8,502	$ 30	$ 114,986	$ 17	$ 1,330

Employe Reimbursement Account	Life Insurance	Deferred Compensation	Common School Income	Unemployment Insurance Reserve	Totals
$ -	$ -	$ -	$ -	$ 10,163	$ 10,610
-	341	-	-	-	343
13,820	27,928	75,732	-	428,723	613,887
123	45	147,800	20,259	111,049	330,231
-	-	-	-	-	10
-	-	-	-	-	12,122
-	-	-	-	25,564	25,564
-	9	739	-	3,012	3,973
13,943	28,323	224,270	20,259	578,511	996,740
-	-	-	19,620	-	19,620
-	-	-	-	500,924	500,953
13,911	28,348	26,916	-	-	186,252
13,911	28,348	26,916	19,620	500,924	706,825
32	(25)	197,355	639	77,586	289,916
-	-	-	(1,797)	-	(14,807)
-	-	-	(1,797)	-	(14,807)
32	(25)	197,355	(1,159)	77,586	275,109
727	150	855,596	9,473	1,747,229	2,747,691
$ 759	$ 125	$ 1,052,951	$ 8,315	$ 1,824,816	$ 3,022,799

Combining Balance Sheet - All Nonexpendable Trust Funds
June 30, 1999

(In Thousands)

	Agriculture	Common School	Normal School	University	Historical Society	Benevolent	Totals
Assets							
Cash and Cash Equivalents	$ 305	$ 225,327	$ 17,603	$ 234	$ 876	$ 14	$ 244,359
Investments	-	-	-	-	11,311	-	11,311
Receivables (net of estimated uncollectible accounts):							
Loans to Local Governments	-	182,203	792	-	-	-	182,994
Other Receivables	-	-	-	-	61	-	61
Due from Other Funds	-	12	-	-	25	-	37
Prepaid Items	-	-	-	-	1	-	1
Fixed Assets	-	5	630	-	-	-	635
Total Assets	$ 305	$ 407,547	$ 19,024	$ 234	$ 12,273	$ 14	$ 439,397
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	$ -	$ -	$ -	$ -	$ 155	$ -	$ 155
Due to Other Funds	-	66	-	-	61	-	127
Total Liabilities	-	66	-	-	217	-	283
Fund Balances:							
Unreserved:							
Undesignated	305	407,481	19,024	234	12,057	14	439,115
Total Fund Balances	305	407,481	19,024	234	12,057	14	439,115
Total Liabilities and Fund Balances	$ 305	$ 407,547	$ 19,024	$ 234	$ 12,273	$ 14	$ 439,397

Combining Statement of Revenues, Expenses, and Changes in Fund Balances - All Nonexpendable Trust Funds For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Agriculture	Common School	Normal School	University	Historical Society	Benevolent	Totals
Operating Revenues:							
Charges for Goods and Services	$ -	$ -	$ 175	$ -	$ -	$ -	$ 176
Investment and Interest Income	-	-	4	-	1,474	-	1,478
Fines and Forfeitures	-	16,596	-	-	-	-	16,596
Gifts and Donations	-	-	-	-	309	-	309
Other Income	-	4	4	-	-	-	9
Total Operating Revenues	-	16,601	184	-	1,783	-	18,567
Operating Expenses:							
Personal Services	-	-	-	-	129	-	129
Supplies and Services	-	-	-	-	215	-	215
Total Operating Expenses	-	-	-	-	344	-	344
Operating Income	-	16,601	184	-	1,439	-	18,224
Nonoperating Revenues:							
Operating Grants	-	6	-	-	-	-	6
Total Nonoperating Revenue	-	6	-	-	-	-	6
Income Before Operating Transfers	-	16,607	184	-	1,439	-	18,229
Operating Transfers In	-	12,000	-	-	100	-	12,100
Operating Transfers Out	-	-	-	-	(58)	-	(58)
Net Income	-	28,607	184	-	1,481	-	30,271
Fund Balances, Beginning of Year	305	378,874	18,840	234	10,576	14	408,843
Fund Balances, End of Year	$ 305	$ 407,481	$ 19,024	$ 234	$ 12,057	$ 14	$ 439,115

Combining Statement of Cash Flows - All Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Agriculture	Common School	Normal School	University	Historical Society	Benevolent	Totals
Cash Flows from Operating Activities:							
Cash Receipts from Customers	$ -	$ -	$ 175	$ -	$ -	$ -	$ 176
Cash Payments to Suppliers for Goods and Services	-	-	-	-	(103)	-	(103)
Cash Payments to Employes for Services	-	-	-	-	(127)	-	(127)
Fines and Forfeitures	-	16,590	-	-	-	-	16,590
Other Operating Revenues	-	4	4	-	309	-	318
Net Cash Provided (Used) by Operating Activities	-	16,595	180	-	79	-	16,854
Cash Flows from Noncapital Financing Activities:							
Operating Grants Receipts	-	6	-	-	-	-	6
Operating Transfers In	-	12,000	-	-	100	-	12,100
Operating Transfers Out	-	-	-	-	(58)	-	(58)
Net Cash Provided (Used) by Noncapital Financing Activities	-	12,006	-	-	42	-	12,048
Cash Flows from Investing Activities:							
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	2,302	-	2,302
Purchase of Investment Securities	-	-	-	-	(2,797)	-	(2,797)
Cash Payments for Loans Originated	-	(25,331)	-	-	-	-	(25,331)
Collection Of Loans	-	83,968	506	2	-	-	84,476
Investment and Interest Receipts	-	-	4	-	824	-	828
Net Cash Provided (Used) by Investing Activities	-	58,636	510	2	329	-	59,478
Net Increase (Decrease) in Cash and Cash Equivalents	-	87,237	690	2	451	-	88,379
Cash and Cash Equivalents, Beginning of Year	305	138,090	16,913	233	425	14	155,979
Cash and Cash Equivalents, End of Year	$ 305	$ 225,327	$ 17,603	$ 234	$ 876	$ 14	$ 244,359
Reconciliation of Operating Income to Net Cash Provided by Operations:							
Operating Income	$ -	$ 16,601	$ 184	$ -	$ 1,439	$ -	$ 18,224
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Operating Income (Investment Income) Classified as Investing Activity	-	-	(4)	-	(1,474)	-	(1,478)
Changes in Assets and Liabilities:							
Decrease (Increase) in Due from Other Funds	-	(9)	-	-	(17)	-	(25)
Decrease (Increase) in Prepaid Items	-	-	-	-	1	-	1
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	-	-	-	-	133	-	133
Increase (Decrease) in Due to Other Funds	-	3	-	-	(4)	-	(1)
Total Adjustments	-	(6)	(4)	-	(1,360)	-	(1,370)
Net Cash Provided by Operating Activities	$ 0	$ 16,595	$ 180	$ 0	$ 79	$ 0	$ 16,854
Noncash Investing, Capital and Financing Activities:							
Net change in unrealized gains and losses	$ -	$ -	$ -	$ -	$ 709	$ -	$ 709

Statement of Plan Net Assets - Pension Trust Fund
June 30, 1999

(In Thousands)

	Wisconsin Retirement System
Assets	
Cash and Cash Equivalents	$ 1,044,177
Securities Lending Collateral	3,917,978
Prepaid Items	1,010
Receivables (net of estimated uncollectible accounts):	
Prior Service Contributions Receivable	2,093,634
Benefits Overpayment Receivable	2,004
Due from Other Funds	27,746
Due from Other Governments	89,988
Interest and Dividends Receivable	266,584
Investment Sales Receivable	640,729
Other Receivables	44,156
Total Receivables	3,164,841
Investments:	
Bonds	13,810,868
Private Placements	3,123,539
Stocks	36,442,493
Options	69,536
Limited Partnerships	2,264,658
Mortgages	86,938
Real Estate	503,389
Other Investments	940
Total Investments	56,302,361
Total Assets	64,430,367
Liabilities	
Accounts Payable	27,128
Securities Lending Collateral Liability	3,917,978
Annuities Payable	132,731
Advance Contributions	416
Due to Other Funds	84,902
Due to Other Governments	335
Tax and Other Deposits	101
Investment Payable	351,506
Total Liabilities	4,515,096
Fund Balance	
Fund Balance Reserved for Pension Benefits	$ 59,915,272

Combining Statement of Net Assets - Investment Trust Funds
June 30, 1999

(In Thousands)

	Local Government Pooled Investment	Milwaukee Retirement Systems	Totals
Assets			
Cash and Cash Equivalents	$ 2,863,525	$ 114,490	$ 2,978,015
Due from Other Funds	-	4,455	4,455
Total Assets	2,863,525	118,945	2,982,470
Liabilities and Net Assets			
Due to Other Funds	34	-	34
Total Liabilities	34	-	34
Net Assets Held in Trust for Pool Participants	$ 2,863,491	$ 118,945	$ 2,982,436

Combining Statement of Changes in Net Assets - Investment Trust Funds
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Local Government Pooled Investment	Milwaukee Retirement Systems	Totals
Additions:			
Deposits	$ 8,865,203	$ 5,602	$ 8,870,805
Investment Income of Investment Trust Funds	149,749	10,448	160,197
Less: Investment Expense	(482)	(35)	(516)
Net Investment Income	149,267	10,413	159,680
Total Additions	9,014,471	16,015	9,030,485
Deductions:			
Distributions	9,002,571	55,001	9,057,572
Administrative Expenses	233	3	236
Total Deductions	9,002,804	55,004	9,057,809
Net Increase (Decrease) In Net Assets	11,666	(38,990)	(27,323)
Net Assets - Beginning of Year	2,851,825	157,934	3,009,759
Net Assets - End of Year	$ 2,863,491	$ 118,945	$ 2,982,436

Combining Balance Sheet - All Agency Funds
June 30, 1999

(In Thousands)

	Insurance Company Liquidation Account	Inmate and Resident	Bank and Insurance Company Deposits	Support Collection Trust	Totals
Assets					
Cash and Cash Equivalents	$ 36,488	$ 6,745	$ -	$ 20,329	$ 63,562
Investments	-	988	-	-	988
Receivables (net of estimated uncollectible accounts):					
Other Receivables	-	120	-	776	897
Due from Other Funds	-	461	-	-	461
Other Assets:					
Assets Held in Custody for Others	-	-	240,964	-	240,964
Total Assets	$ 36,488	$ 8,315	$ 240,964	$ 21,105	$ 306,872
Liabilities					
Accounts Payable and Other Accrued Liabilities	$ 36,488	$ -	$ -	$ 2,577	$ 39,064
Due to Other Funds	-	79	-	6,361	6,440
Due to Other Governments	-	-	-	12,167	12,167
Tax and Other Deposits	-	8,236	240,964	-	249,200
Total Liabilities	$ 36,488	$ 8,315	$ 240,964	$ 21,105	$ 306,872

Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
Insurance Company Liquidation Account				
Assets:				
Cash and Cash Equivalents	$ 37,013	$ 1,657	$ 2,182	$ 36,488
Total Assets	$ 37,013	$ 1,657	$ 2,182	$ 36,488
Liabilities:				
Accounts Payable and Other Accrued Liabilities	$ 37,013	$ 1,657	$ 2,182	$ 36,488
Total Liabilities	$ 37,013	$ 1,657	$ 2,182	$ 36,488
Inmate and Resident				
Assets:				
Cash and Cash Equivalents	$ 6,501	$ 74,580	$ 74,336	$ 6,745
Investments	1,005	572	589	988
Receivables (net of estimated uncollectible accounts):				
Other Receivables	181	595	655	120
Due from Other Funds	481	7,740	7,760	461
Total Assets	$ 8,168	$ 83,487	$ 83,340	$ 8,315
Liabilities:				
Accounts Payable and Other Accrued Liabilities	$ -	$ 3	$ 3	$ -
Due to Other Funds	306	12,621	12,848	79
Tax and Other Deposits	7,862	48,619	48,245	8,236
Total Liabilities	$ 8,168	$ 61,243	$ 61,096	$ 8,315
Bank and Insurance Company Deposits				
Assets:				
Other Assets:				
Assets Held in Custody for Others	$ 230,978	$ 17,196	$ 7,210	$ 240,964
Total Assets	$ 230,978	$ 17,196	$ 7,210	$ 240,964
Liabilities:				
Tax and Other Deposits	$ 230,978	$ 17,196	$ 7,210	$ 240,964
Total Liabilities	$ 230,978	$ 17,196	$ 7,210	$ 240,964
Support Collection Trust				
Assets:				
Cash and Cash Equivalents	$ 19,126	$ 416,163	$ 414,960	$ 20,329
Receivables (net of estimated uncollectible accounts):				
Other Receivables	-	3,039	2,263	776
Total Assets	$ 19,126	$ 419,202	$ 417,223	$ 21,105
Liabilities:				
Accounts Payable and Other Accrued Liabilities	$ 2,217	$ 414,494	$ 414,134	$ 2,577
Due to Other Funds	8,754	-	2,393	6,361
Due to Other Governments	8,154	4,013	-	12,167
Total Liabilities	$ 19,126	$ 418,506	$ 416,527	$ 21,105

(Continued)

Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Fiscal Year Ended June 30, 1999

(Continued)

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
Total - All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 62,640	$ 492,399	$ 491,478	$ 63,562
Investments	1,005	572	589	988
Receivables (net of estimated uncollectible accounts):				
Other Receivables	181	3,634	2,919	897
Due from Other Funds	481	7,740	7,760	461
Other Assets:				
Assets Held in Custody for Others	230,978	17,196	7,210	240,964
Total Assets	$ 295,285	$ 521,542	$ 509,955	$ 306,872
Liabilities:				
Accounts Payable and Other Accrued Liabilities	$ 39,230	$ 416,154	$ 416,320	$ 39,064
Due to Other Funds	9,061	12,621	15,241	6,440
Due to Other Governments	8,154	4,013	-	12,167
Tax and Other Deposits	238,840	65,815	55,455	249,200
Total Liabilities	$ 295,285	$ 498,602	$ 487,015	$ 306,872

General Fixed Asset Group

The **General Fixed Assets Account Group** accounts for the land, buildings and improvements, and machinery and equipment of the governmental funds.

State of Wisconsin

Schedule of General Fixed Assets by Function
June 30, 1999

(In Thousands)

Function	Land	Buildings	Equipment	Totals
Commerce	$ -	$ 836	$ 14,486	$ 15,322
Education	819	32,278	93,122	126,219
Transportation	10,025	64,157	78,518	152,700
Environmental Resources	338,305	67,285	63,215	468,804
Human Relations and Resources	27,408	546,425	85,461	659,293
General Executive	1,705	36,122	11,257	49,084
Judicial	-	-	31,828	31,828
Legislative	-	-	7,117	7,117
Other General	-	6	-	6
Total by Function	$ 378,262	$ 747,109	$ 385,003	1,510,374
Construction in Progress				139,146
Total General Fixed Assets				$ 1,649,521

State of Wisconsin

Schedule of Changes in General Fixed Assets by Function
For the Year Ended June 30, 1999

(In Thousands)

Function	Balance July 1, 1998	Additions	Retirements	Completed Construction	Transfers to/from Other Funds	Balance June 30, 1999
Commerce	$ 14,211	$ 1,720	$ (608)	$ -	$ -	$ 15,322
Education	120,228	2,666	(224)	3,549	-	126,219
Transportation	141,771	12,423	(5,870)	2,173	2,203	152,700
Environmental Resources	492,543	19,988	(49,879)	6,153	-	468,804
Human Relations and Resources	590,120	21,985	(12,564)	59,752	-	659,293
General Executive	49,536	1,743	(2,449)	255	-	49,084
Judicial	37,349	2,653	(8,174)	-	-	31,828
Legislative	3,174	4,649	(706)	-	-	7,117
Other General	11,541	-	(11,535)	-	-	6
Total by Function	1,460,472	67,826	(92,008)	71,882	2,203	1,510,374
Construction in Progress	140,035	73,196	-	(71,882)	(2,203)	139,146
Total General Fixed Assets	$ 1,600,507	$ 141,023	$ (92,008)	$ 0	$ 0	$ 1,649,521

University of Wisconsin System

The funds of the **University of Wisconsin System** account for the 13 universities, 13 two-year colleges, the University of Wisconsin Extension and System Administration. In addition, the University of Wisconsin System balance sheet includes the accounts of the Wisconsin State Colleges Building Corporation.

Combining Balance Sheet - University of Wisconsin System
June 30, 1999

(In Thousands)

	Current Funds		Loan	Endowment and Similar		Agency	
	Unrestricted	Restricted	Funds	Funds	Plant Funds	Funds	Totals
Assets							
Cash and Cash Equivalents	$ 306,654	$ 17,010	$ 9,261	$ 6,953	$ 14,291	$ 1,746	$ 355,914
Investments	-	8,461	-	290,322	2,394	-	301,176
Student Loans Receivable	-	-	164,494	-	-	-	164,494
Other Receivables	38,895	25,169	-	2,791	-	-	66,855
Due from Other Funds	28,918	10,697	-	-	743	-	40,357
Due from Component Units	-	4,879	-	-	-	-	4,879
Due from Other Governments	2,108	50,273	920	-	-	-	53,300
Inventories	26,057	228	-	-	-	-	26,286
Prepaid Items	16,060	232	-	-	-	-	16,292
Capital Lease Receivable - Component Unit	-	-	-	-	33,307	-	33,307
Deferred Charges	3,357	102	-	-	3,994	-	7,453
Plant and Equipment	-	-	-	-	3,695,815	-	3,695,815
Total Assets	$ 422,049	$ 117,049	$ 174,675	$ 300,066	$ 3,750,543	$ 1,746	$ 4,766,127
Liabilities and Fund Equity							
Liabilities:							
Accounts Payable and Other Accrued Liabilities	$ 93,013	$ 33,285	$ 63	$ 3,081	$ 25,874	$ -	$ 155,317
Due to Other Funds	27,473	769	-	-	6,596	-	34,838
Due to Component Units	1,039	-	-	-	-	-	1,039
Due to Other Governments	8,447	468	467	-	-	-	9,381
Deferred Revenue	49,440	28,804	-	-	-	-	78,244
Advances from Other Funds	-	-	-	-	2,500	-	2,500
Short-term Notes Payable	-	-	-	-	34,705	-	34,705
Deposits Held in Custody for Others	-	-	-	-	-	1,746	1,746
Compensated Absences	43,386	10,086	-	-	-	-	53,472
Capital Leases	-	-	-	-	9,687	-	9,687
Installment Contracts Payable	-	-	-	-	47	-	47
General Obligation Bonds Payable	-	-	-	-	754,707	-	754,707
Other Bonds Payable	-	-	-	-	450	-	450
Total Liabilities	222,798	73,411	530	3,081	834,567	1,746	1,136,133
Equity and Funds Balances:							
Fund Balances - Reserved:							
Encumbrances	38,858	38,677	-	-	-	-	77,535
Inventories and Prepaid Items	42,117	460	-	-	-	-	42,578
Auxiliary Operations	95,639	-	-	-	-	-	95,639
Current Restricted Funds	-	4,500	-	-	-	-	4,500
Loan Funds	-	-	174,145	-	-	-	174,145
Endowment and Similar Funds	-	-	-	296,985	-	-	296,985
Plant Funds	-	-	-	-	2,915,976	-	2,915,976
Fund Balances - Unreserved:							
Designated for Contingent Fund	3,267	-	-	-	-	-	3,267
Undesignated	19,371	-	-	-	-	-	19,371
Total Equity and Funds Balances	199,251	43,637	174,145	296,985	2,915,976	-	3,629,994
Total Liabilities and Funds Equity	$ 422,049	$ 117,049	$ 174,675	$ 300,066	$ 3,750,543	$ 1,746	$ 4,766,127

Component Units

The **Wisconsin Housing and Economic Development Authority** administers programs to facilitate the purchase, construction and rehabilitation of housing for families of low and moderate income by providing or participating in the providing of construction and mortgage loans. Over the years, its mission has been expanded to include financing for farmers and for economic development projects.

The **Wisconsin Health Care Liability Insurance Plan** provides health care liability insurance and liability coverages normally incidental to health care liability insurance to eligible health care providers in the State of Wisconsin. The insurance is financed with premiums collected from policyholders and investment earnings.

The **University of Wisconsin Hospitals and Clinics Authority** operates an acute-care hospital, numerous specialty clinics and ambulatory facilities. It provides health care to patients, education programs, research and community service primarily to residents of southern Wisconsin.

Combining Balance Sheet - Component Units
June 30, 1999

(In Thousands)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	University of Wisconsin Hospitals and Clinics Authority	Totals
Assets				
Cash and Cash Equivalents	$ 379,226	$ 15,499	$ 29,929	$ 424,654
Investments	167,367	131,866	35,175	334,408
Receivables (net of estimated uncollectible accounts):				
Mortgage Loans	1,764,208	-	-	1,764,208
Patients Accounts Receivable	-	-	62,323	62,323
Other Receivables	14,432	2,111	2,887	19,430
Due from Primary Government	-	-	1,426	1,426
Due from Other Governments	-	6,611	-	6,611
Inventories	-	-	2,412	2,412
Prepaid Items	-	-	2,955	2,955
Restricted and Limited Use Assets:				
Investments	158,611	-	95,919	254,530
Deferred Charges	15,837	-	-	15,837
Fixed Assets (net of accumulated depreciation)	23,983	-	131,769	155,752
Other Assets	79,805	-	2,735	82,540
Total Assets	$ 2,603,469	$ 156,088	$ 367,529	$ 3,127,086
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable and Other Accrued Liabilities	$ 14,586	$ 14,861	$ 41,360	$ 70,807
Due to Primary Government	40	12	5,112	5,164
Due to Other Governments	-	790	2,723	3,513
Tax and Other Deposits	136,945	-	-	136,945
Deferred Revenue	-	1,228	-	1,228
Interest Payable	52,261	-	-	52,261
Future Benefits and Loss Liabilities	-	115,776	-	115,776
Capital Leases	-	-	674	674
Capital Leases - Primary Government	-	-	33,307	33,307
Compensated Absences	354	-	2,111	2,465
Revenue Bonds and Notes Payable	2,134,993	-	50,000	2,184,993
Total Liabilities	2,339,179	132,666	135,287	2,607,133
Fund Equity:				
Retained Earnings:				
Reserved for Future Benefits	3,880	-	-	3,880
Reserved for Bonds	147,859	-	-	147,859
Reserved by Donors for Operations	-	-	1,837	1,837
Unreserved	112,551	23,422	230,404	366,377
Total Fund Equity	264,290	23,422	232,242	519,953
Total Liabilities and Fund Equity	$ 2,603,469	$ 156,088	$ 367,529	$ 3,127,086

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - Component Units For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	University of Wisconsin Hospitals and Clinics Authority	Totals
Operating Revenues:				
Charges for Goods and Services	$ 3,457	$ 2,418	$ 347,717	$ 353,593
Investment and Interest Income	134,637	11,102	-	145,739
Other Income	11,578	22	7,880	19,480
Total Operating Revenues	149,672	13,542	355,597	518,811
Operating Expenses:				
Personal Services	10,211	-	186,453	196,664
Supplies and Services	9,747	875	140,486	151,108
Depreciation	5,770	-	17,002	22,772
Benefit Expense	-	(8,160)	-	(8,160)
Interest Expense	133,258	-	2,503	135,761
Other Expenses:				
Grant Programs	55,660	-	-	55,660
Insurance Dividends	-	14,643	-	14,643
Federal Income Tax Expense	-	790	-	790
Other	1,049	-	5,497	6,546
Total Operating Expenses	215,695	8,147	351,941	575,784
Operating Income (Loss)	(66,023)	5,394	3,656	(56,973)
Nonoperating Revenues (Expenses):				
Operating Grants	55,660	-	-	55,660
Investment and Interest Income	37,445	-	9,431	46,876
Gain (Loss) on Disposal of Fixed Assets	(30)	-	-	(30)
Other Revenues	-	-	1,298	1,298
Other Expenses	-	-	(227)	(227)
Total Nonoperating Revenues (Expenses)	93,075	-	10,502	103,577
Income (Loss) before Operating Transfers	27,052	5,394	14,158	46,604
Operating Transfers to Primary Government	-	-	(2,400)	(2,400)
Net Income before Extraordinary Items	27,052	5,394	11,758	44,204
Extraordinary Items:				
Gain (Loss) from Extinguishment of Debt	(79)	-	-	(79)
Net Income	26,973	5,394	11,758	44,125
Retained Earnings, Beginning of Year	237,317	18,027	220,484	475,829
Retained Earnings, End of Year	$ 264,290	$ 23,422	$ 232,242	$ 519,953

Combining Statement of Cash Flows - Component Units *
For the Fiscal Year Ended June 30, 1999

(In Thousands)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	Totals *
Cash Flows from Operating Activities:			
Cash Receipts from Customers	$ -	$ 2,264	$ 2,264
Cash Payments to Suppliers for Goods and Services	(3,558)	(874)	(4,432)
Cash Payments to Employes for Services	(10,257)	-	(10,257)
Cash Payments for Loans Originated	(315,991)	-	(315,991)
Cash Payments for Benefits	-	(2,147)	(2,147)
Interest Income	136,437	-	136,437
Collection of Loans	334,806	-	334,806
Other Operating Revenues	15,855	53	15,908
Other Operating Expenses:			
Grant Programs	(55,660)	-	(55,660)
Insurance Dividends	-	(22,038)	(22,038)
Other	(9,591)	(1)	(9,592)
Other Uses of Cash	(3,688)	-	(3,688)
Net Cash Provided (Used) by Operating Activities	88,353	(22,743)	65,610
Cash Flows from Noncapital Financing Activities:			
Operating Grants Receipts	55,660	-	55,660
Proceeds from Issuance of Long-term Debt	609,655	-	609,655
Retirement of Long-term Debt	(599,336)	-	(599,336)
Interest Payments	(137,506)	-	(137,506)
Other Cash Outflows from Noncapital Financing Activities	(2,968)	-	(2,968)
Net Cash Provided (Used) by Noncapital Financing Activities	(74,495)	-	(74,495)
Cash Flows from Capital and Related Financing Activities:			
Payments for Purchase of Fixed Assets	(879)	-	(879)
Net Cash Provided (Used) by Capital and Related Financing Activities	(879)	-	(879)
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturities of Investment Securities	843,025	43,371	886,396
Purchase of Investment Securities	(785,437)	(22,157)	(807,594)
Interest and Dividends Receipts	36,704	9,921	46,625
Net Cash Provided (Used) by Investing Activities	94,292	31,135	125,427
Net Increase (Decrease) in Cash and Cash Equivalents	107,271	8,393	115,664
Cash and Cash Equivalents, Beginning of Year	271,955	7,106	279,061
Cash and Cash Equivalents, End of Year	$ 379,226	$ 15,499	$ 394,725

* The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Pages 182 and 183 of the CAFR. The **University of Wisconsin Hospitals and Clinics Authority** prepares this statement using the indirect method, as presented on Page 184.

(Continued)

Combining Statement of Cash Flows - Component Units *
For the Fiscal Year Ended June 30, 1999

(Continued)

	Wisconsin Housing and Economic Development Authority	Wisconsin Health Care Liability Insurance Plan	Totals *
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:			
Operating Income (Loss)	$ (66,023)	$ 5,394	$ (60,629)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	1,454	-	1,454
Amortization	4,316	-	4,316
Operating Income (Investment Income) Classified as Investing Activity	-	(11,102)	(11,102)
Operating Expense (Interest Expense) Classified as Noncapital Financing Activity	130,461	-	130,461
Changes in Assets and Liabilities:			
Decrease (Increase) in Receivables	21,106	895	22,001
Decrease (Increase) in Other Assets	(5,801)	-	(5,801)
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	2,777	(8,100)	(5,323)
Increase (Decrease) in Compensated Absences	29	-	29
Increase (Decrease) in Due to Primary Government	34	(1)	33
Increase (Decrease) in Due to Other Governments	-	790	790
Increase (Decrease) in Deferred Revenue	-	(311)	(311)
Increase (Decrease) in Future Benefits and Loss Liabilities	-	(10,308)	(10,308)
Total Adjustments	154,376	(28,137)	126,239
Net Cash Provided by Operating Activities	$ 88,353	$ (22,743)	$ 65,610
Noncash Investing, Capital and Financing Activities:			
Net change in unrealized gains and losses	$ 406	$ -	$ 406

* The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method of reporting cash flows, as presented on Pages 182 and 183 of the CAFR. The **University of Wisconsin Hospitals and Clinics Authority** prepares this statement using the indirect method, as presented on Page 184.

(Continued)

Combining Statement of Cash Flows - Component Units *
For the Fiscal Year Ended June 30, 1999

(Continued)

	University of Wisconsin Hospitals and Clinics Authority
Cash Flows from Operating Activities:	
Operating Income	$ 3,656
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation and Amortization	17,002
Provision for Bad Debt	5,497
Other Sources	478
Other Uses	(227)
Changes in Assets and Liabilities:	
Decrease (Increase) in Net Patient Receivables	(9,853)
Decrease (Increase) in Other Receivables	40
Decrease (Increase) in Due from Primary Government	(331)
Decrease (Increase) in Inventories	(105)
Decrease (Increase) in Prepaid Items	57
Decrease (Increase) in Other Assets	135
Increase (Decrease) in Accounts Payable and Other Accrued Expenses	3,186
Increase (Decrease) in Due to Other Governments	(1,117)
Increase (Decrease) in Due to Primary Government	1,367
Increase (Decrease) in Compensated Absences	302
Net Cash Provided (Used) by Operating Activities	20,086
Cash Flows from Noncapital Financing Activities:	
Operating Transfers to Primary Government	(2,400)
Net Cash Provided (Used) by Noncapital Financing Activities	(2,400)
Cash Flows from Capital and Related Financing Activities:	
Payments for Purchase of Fixed Assets	(40,438)
Capital Leases Payable - Primary Government	(2,357)
Capital Leases Payable	(313)
Proceeds from Sale of Fixed Assets	48
Net Cash Provided (Used) by Capital and Related Financing Activities	(43,060)
Cash Flows from Investing Activities:	
Decrease (Increase) in Assets Whose Use is Limited or Restricted	19,034
Increase in Investments	(1,531)
Interest and Dividends Receipts	6,728
Decrease in Investment in Affiliate	175
Net Cash Provided (Used) by Investing Activities	24,406
Net Increase (Decrease) in Cash and Cash Equivalents	(968)
Cash and Cash Equivalents at Beginning of Year	30,897
Cash and Cash Equivalents at End of Year	$ 29,929
Noncash Investing, Capital and Financing Activities:	
Net change in unrealized gains and losses	$ 2,703

* The **University of Wisconsin Hospitals and Clinics Authority** prepares the statement of cash flows using the indirect method of reporting cash flows, as presented on this page. The **Wisconsin Housing and Economic Development Authority** and the **Wisconsin Health Care Liability Insurance Plan** prepare the statement of cash flows using the direct method, as presented on Pages 182 and 183 of the CAFR.

STATISTICAL SECTION

Revenues by Source and Expenditures by Function - All Governmental Fund Types

For the Last Ten Fiscal Years (In Thousands)

	1999	1998	1997	1996	1995
Revenues and Proceeds from Sale of Bonds:					
Taxes	$ 11,158,516	$ 10,218,307	$ 9,662,514	$ 8,974,484	$ 8,587,733
Intergovernmental	3,813,275	3,704,247	3,587,981	3,555,666	3,171,714
Fees	-	-	-	-	-
Licenses and Permits	687,766	631,870	584,825	684,330	635,731
Charges for Goods and Services	217,145	193,964	282,612	158,432	131,804
Services General	-	-	-	-	-
Contributions	-	-	-	-	-
Sale of Products	-	-	-	-	-
Investment Income	95,089	85,647	70,150	65,004	64,198
Gifts and Donations	14,885	5,461	3,177	5,940	3,908
Proceeds from Sale of Bonds	249,007	160,470	80,535	344,334	277,203
Other Revenues	133,405	149,400	86,453	73,724	58,538
Total Revenues and Other Sources	$ 16,369,088	$ 15,149,366	$ 14,358,247	$ 13,861,914	$ 12,930,829
Expenditures:					
Current:					
Commerce	$ 194,893	$ 181,559	$ 183,581	$ 161,923	$ 146,571
Education	4,542,339	4,397,970	4,125,946	3,283,511	3,005,096
Transportation	1,601,962	1,468,365	1,418,262	1,343,563	1,303,450
Environmental Resources	476,985	552,423	588,714	507,420	499,482
Human Relations and Resources	5,323,054	5,116,259	4,906,367	5,033,062	4,635,202
General Executive	333,034	308,736	325,433	246,561	246,086
Judicial	95,705	91,450	87,525	82,505	71,981
Legislative	62,789	55,144	53,277	50,165	50,732
Tax Relief and Other General Expenditures	831,526	725,316	694,871	574,771	616,891
Intergovernmental	1,008,617	1,008,572	1,008,590	1,010,618	992,437
Capital Outlay	164,360	143,467	170,693	153,809	190,307
Debt Service	308,103	295,848	285,157	270,555	257,649
Total Expenditures	$ 14,943,367	$ 14,345,109	$ 13,848,416	$ 12,718,463	$ 12,015,884

In 1992-1998, revenues previously reported as Contributions are classified in various other revenue sources. Prior to 1993, Intergovernmental Expenditures were combined with Tax Relief and Other General Expenditures. In 1994-1998, revenues previously reported as Fees, Services General, and Sale of Products are classified as Licenses and Permits, and Charges for Goods and Services.

SOURCE: Wisconsin Department of Administration

	1994	1993	1992	1991	1990
$	7,912,596	$ 7,546,879	$ 6,987,448	$ 6,705,114	$ 6,307,800
	3,157,723	2,947,034	2,820,409	2,348,336	2,131,275
	-	173,356	132,381	68,449	61,234
	616,541	390,104	364,919	272,862	275,704
	88,462	-	-	-	-
	-	89,211	79,563	70,725	71,641
	-	-	-	78,739	58,955
	-	10,208	10,340	10,129	7,065
	38,120	48,929	53,049	64,327	89,194
	1,695	2,488	7,310	6,621	5,875
	293,733	502,368	322,112	278,582	197,323
	72,659	71,571	73,305	78,426	139,946
$	12,181,529	$ 11,782,148	$ 10,850,836	$ 9,982,310	$ 9,346,012
$	130,412	$ 129,862	$ 129,207	$ 158,526	$ 112,436
	2,709,922	2,481,956	2,376,760	2,241,173	2,086,779
	1,278,579	1,282,226	1,166,691	1,156,282	1,059,421
	414,530	358,584	375,902	368,270	322,772
	4,425,288	4,217,673	3,989,859	3,793,621	3,349,493
	231,075	221,026	177,761	166,952	137,987
	74,369	56,207	54,275	49,822	45,463
	47,142	44,357	43,939	40,646	37,879
	599,794	617,323	1,519,388	1,428,387	1,447,287
	950,467	919,821	-	-	-
	174,087	184,112	139,994	45,507	85,412
	231,816	202,367	199,663	183,292	203,319
$	11,267,481	$ 10,715,514	$ 10,173,439	$ 9,632,478	$ 8,888,248

State of Wisconsin

Assessed and Equalized Value of Taxable Property

For the Last Ten Years (In Thousands)

Year (A)	Real Property Assessed Value (B)	Real Property Equalized Value	Personal Property Assessed Value (B)	Personal Property Equalized Value	Total Assessed Value (B)	Total Equalized Value	Ratio of Total Assessed Value To Total Equalized Value
1998	$ 217,599,762	$ 238,769,117	$ 9,694,739	$ 10,225,798	$ 227,294,501	$ 248,994,915	91%
1997	201,938,959	223,570,764	8,956,300	9,503,469	210,895,259	233,074,233	90
1996	186,902,000	207,896,469	8,473,140	9,047,289	195,375,140	216,943,759	90
1995	173,908,997	192,505,594	8,394,885	9,032,516	182,303,882	201,538,109	90
1994	159,967,395	176,376,443	7,999,884	8,618,423	167,967,279	184,994,866	91
1993	147,624,892	163,188,926	7,737,267	8,488,238	155,362,159	171,677,164	91
1992	139,519,248	151,692,717	7,546,524	7,894,286	147,065,772	159,587,003	92
1991	132,063,360	143,206,294	7,207,672	7,721,462	139,271,032	150,927,756	92
1990	126,015,435	134,138,146	6,947,656	7,232,162	132,963,091	141,370,307	94
1989	121,015,169	126,471,407	6,526,198	6,734,778	127,541,367	133,206,185	96

(A) Represents values certified to the Department of Revenue on August 15 of each year. Assessed values for 1999 are not yet available.

(B) Municipalities assess property for tax purposes at different percentages of market value. Each community's assessment percentage is multiplied by the State-established market value of manufacturing property to determine the local assessed value of such property.

SOURCE: Wisconsin Department of Revenue

State of Wisconsin

State Forestation Tax

For the Last Ten Years (In Thousands)

Year	Total Equalized Value (A)	State Forestation Tax Levy (B)	State Forestation Tax Collections (C)
1999	$ 266,567,514	$ 53,314	$ 49,814
1998	248,994,915	49,799	44,252
1997	233,074,233	46,615	42,661
1996	216,943,759	43,389	39,104
1995	201,538,109	40,308	36,335
1994	184,994,866	36,998	34,632
1993	171,677,164	34,335	43,044
1992	159,587,003	31,917	26,590
1991	150,927,756	30,186	27,799
1990	141,370,307	28,274	19,289

(A) Represents values certified to the Department of Revenue on August 15 of each year.

(B) Tax levy equals two-tenths of one mill for each dollar of the equalized value certified by the Department of Revenue.

(C) Collections reported in fiscal year ended June 30.

SOURCES: Wisconsin Department of Administration, Division of Executive Budget and Finance
Wisconsin Department of Revenue
Wisconsin Office of the State Treasurer

Legal Debt Margin

For the Last Ten Calendar Years (In Thousands)

Calendar Year	Annual Debt Limit	Actual Borrowing (A)	Legal Debt Margin	Legal Debt Margin as a Percentage of Debt Limit
1999	$ 1,999,256	$ 482,360	$ 1,516,896	75.9 %
1998	1,867,462	475,485	1,391,977	74.5
1997	1,748,057	404,310	1,343,747	76.9
1996	1,627,078	353,295	1,273,783	78.3
1995	1,511,536	368,322	1,143,214	75.6
1994	1,387,461	289,810	1,097,651	79.1
1993	1,287,579	129,325	1,158,254	90.0
1992	1,196,903	427,655	769,248	64.3
1991	1,131,958	359,716	772,242	68.2
1990	1,060,277	484,099	576,178	54.3

Wis. Stat. Sec. 18.05 limits the amount of public debt contracted in any calendar year to the lesser of:

(a) Three-fourths of one percent of the aggregate value of taxable property;

or

(b) Five percent of aggregate value of taxable property

Less: Net indebtedness at January 1

(A) Consists of bonds issued less refundings.

SOURCE: Wisconsin Department of Administration

Ratio of Net General Obligation Bonded Debt to Assessed Value And Net General Obligation Bonded Debt Per Capita

For the Last Ten Fiscal Years (In Thousands)

Year	Population	Assessed Value (A)	General Obligation Bonded Debt: Gross Bonded Debt (B)	General Obligation Bonded Debt: Debt Service Moneys Available (C)	General Obligation Bonded Debt: Payable From Proprietary Fund Revenues	General Obligation Bonded Debt: Net Bonded Debt (D)	Ratio To Assessed Value (Percent)	Per Capita
1998	5,224	$ 227,294,501	$ 3,296,169	$ 3,777	$ 818,277	$ 2,474,115	1.09	$ 474
1997	5,170	210,895,259	3,083,955	2,515	673,715	2,407,725	1.14	466
1996	5,146	195,375,140	3,085,526	5,588	635,930	2,444,008	1.25	475
1995	5,113	182,303,882	2,986,486	0	624,355	2,362,131	1.30	462
1994	5,075	167,967,279	2,870,941	2,774	578,608	2,289,559	1.36	451
1993	5,038	155,362,159	2,800,863	319	623,320	2,177,224	1.40	432
1992	4,991	147,065,772	2,646,374	6,851	694,557	1,944,966	1.32	390
1991	4,956	139,271,032	2,489,676	6,841	750,738	1,732,097	1.24	349
1990	4,902	132,963,091	2,245,595	7,822	757,176	1,480,597	1.11	302
1989	4,857	127,541,367	1,998,315	1,455	761,951	1,234,909	.97	254

(A) Current values certified on August 15. Assessed values for 1999 are not yet available.

(B) Includes gross general obligation bonded debt for all fund types. Data for fiscal years prior to 1990 are presented on a non-GAAP basis.

(C) Represents moneys available in Debt Service Fund reserved for retirement of general obligation bonded debt.

(D) Excludes general obligation bonds expected to be repaid from revenues of five proprietary funds; includes general obligation bonds reported for the University of Wisconsin System.

SOURCES: Wisconsin Department of Administration
Wisconsin Department of Revenue
U.S. Department of Commerce, Bureau of Census

Ratio of Annual Debt Service for General Bonded Debt to Total Governmental Expenditures

For the Last Ten Fiscal Years

Year	General Obligation Debt Service Expenditures	Total Governmental Expenditures	Ratio (Percent)
1999	$ 224,288	$ 14,943,367	1.50
1998	218,175	14,345,109	1.52
1997	213,982	13,848,416	1.55
1996	210,643	12,718,463	1.66
1995	205,097	12,015,884	1.71
1994	174,718	11,267,481	1.55
1993	155,025	10,715,514	1.45
1992	174,138	10,173,439	1.71
1991	157,203	9,632,478	1.63
1990	178,851	8,888,248	2.01

SOURCE: Wisconsin Department of Administration

State of Wisconsin

Department of Transportation Revenue Bond Coverage

For the Last Ten Fiscal Years (In Thousands)

Year	Gross Revenues (A)	Operating Expenses (B)	Net Revenues	Debt Service			Revenue Bond Coverage
				Principal	Interest	Total Debt Service	
1999	$ 295,938	$ 49	$ 295,889	$ 30,750	$ 47,063	$ 77,813	3.80
1998	282,850	56	282,794	29,710	45,733	75,443	3.75
1997	257,590	80	257,510	25,385	52,982	78,367	3.29
1996	249,339	37	249,302	21,590	46,421	68,011	3.67
1995	247,819	33	247,786	19,080	44,837	63,917	3.88
1994	237,401	86	237,315	15,035	39,201	54,236	4.38
1993	232,567	29	232,538	13,455	29,257	42,712	5.44
1992	210,427	19	210,408	10,480	14,558	25,038	8.40
1991	160,356	20	160,336	10,410	15,235	25,645	6.25
1990	161,611	30	161,581	9,230	14,746	23,976	6.74

The State of Wisconsin, Department of Transportation finances certain state highway projects and related transportation facilities through the issuance of revenue bonds. The revenue bonds, $800.0 million outstanding at June 30, 1999, are secured by a pledge of the registration fees collected under Wis. Stat. Sec. 341.25 and investments.

(A) Includes revenues from Wis. Stat. Sec. 341.25 registration fees including fees collected under the International Registration Plan, a multi-state plan for the collection of registration fees from interstate trucking, and interest earnings.

(B) Includes administrative operating expenses.

SOURCE: Wisconsin Department of Transportation

State of Wisconsin

Higher Education Revenue Bonds
Health Education Assistance Loans

For the Last Ten Fiscal Years (In Thousands)

Year	Gross Revenues (A)	Direct Operating Expenses	Net Revenues	Debt Service			Revenue Bond Coverage
				Principal	Interest	Total Debt Service	
1999	$ 1,779	$ 124	$ 1,655	$ 1,755	$ 353	$ 2,108	0.79
1998	2,540	101	2,439	1,825	475	2,300	1.06
1997	4,476	109	4,367	3,195	784	3,979	1.10
1996	4,916	147	4,769	3,460	1,052	4,512	1.06
1995	13,825	510	13,315	61,874	3,262	65,136	0.20
1994	18,896	573	18,323	6,030	5,943	11,973	1.53
1993	12,877	450	12,427	6,327	6,324	12,651	0.98
1992	12,773	469	12,304	16,957	8,215	25,172	0.49
1991	15,737	335	15,402	-	8,535	8,535	1.80
1990	13,238	344	12,985	-	8,535	8,535	1.52

The State of Wisconsin Higher Education Aids Board provides loans to eligible students enrolled in Wisconsin medical and dental schools. The bonds, $1.7 million outstanding at June 30, 1999, are to be repaid through the collection of student loans.

(A) Includes operating revenues from student loan repayment and interest income from student loans and investments.

SOURCE: Wisconsin Higher Education Aids Board

State of Wisconsin

Wisconsin Housing and Economic Development Authority Revenue Bonds
Home Ownership Revenue Bonds

For the Last Ten Fiscal Years (In Thousands)

Year	Gross Revenues (A)	Direct Operating Expenses (B)	Net Revenues	Debt Service: Principal	Debt Service: Interest	Debt Service: Total Debt Service	Revenue Bond Coverage (C)
1999	$ 392,684	$ 8,947	$ 383,737	$ 305,265	$ 94,414	$ 399,679	0.96
1998	298,596	8,627	289,969	213,512	96,940	310,452	0.92
1997	222,298	8,229	214,069	126,974	91,441	218,415	0.97
1996	236,521	7,823	228,698	117,311	86,571	203,882	1.12
1995	178,760	7,082	171,678	171,421	78,769	250,190	0.69 (D)
1994	549,138	8,066	541,072	444,093	94,424	538,517	1.00
1993	396,215	10,001	386,213	244,736	124,418	369,154	1.05
1992	312,646	9,924	302,722	153,343	127,952	281,295	1.08
1991	224,158	9,093	215,065	82,537	122,935	205,472	1.05
1990	186,293	6,973	179,320	64,930	106,607	171,537	1.05

(A) Includes mortgage payments received.
(B) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.
(C) 1997 and 1998 include gains due to the increase in fair market value of investments as a result of GASB 31. The Revenue Bond Coverage excludes these amounts.
(D) $79.3 million of mortgage prepayments on hand at the end of fiscal year 1994 were used to redeem Home Ownership Revenue Bonds in fiscal year 1995.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

Wisconsin Housing and Economic Development Authority Revenue Bonds
Housing Revenue Bonds

For the Last Ten Fiscal Years (In Thousands)

Year	Gross Revenues (A)	Direct Operating Expenses (B)	Net Revenues	Debt Service: Principal	Debt Service: Interest	Debt Service: Total Debt Service	Revenue Bond Coverage (C)
1999	$ 59,653	$ 4,211	$ 55,442	$ 18,387	$ 27,384	$ 45,771	1.21
1998	67,721	5,107	62,614	12,822	25,803	38,625	1.47
1997	62,229	4,278	57,951	12,439	26,586	39,025	1.38
1996	50,625	4,320	46,305	11,818	27,962	39,780	1.16
1995	47,686	6,194	41,492	8,463	28,101	36,564	1.13
1994	48,187	5,664	42,523	7,385	30,358	37,743	1.13
1993	43,917	4,172	39,745	4,725	29,098	33,823	1.18
1992	41,529	1,770	39,759	4,990	31,783	36,773	1.08
1991	42,140	1,459	40,681	4,610	33,126	37,736	1.08
1990	41,269	991	40,278	4,205	33,166	37,371	1.08

(A) Includes mortgage payments received.
(B) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.
(C) 1997 and 1998 include gains due to the increase in fair market value of investments as a result of GASB 31. The Revenue Bond Coverage excludes these amounts.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

Wisconsin Housing and Economic Development Authority Revenue Bonds
Housing Rehabiliation and Home Improvement Revenue Bonds

For the Last Ten Fiscal Years (In Thousands)

Year	Gross Revenues (A)	Direct Operating Expenses (B)	Net Revenues	Debt Service Principal	Debt Service Interest	Debt Service Total Debt Service	Revenue Bond Coverage (C)
1999	$ 5,038	$ 255	$ 4,783	$ 1,465	$ 484	$ 1,949	2.44
1998	5,199	556	4,643	550	600	1,150	4.09
1997	5,746	646	5,100	13,061	895	13,956	0.35 (D)
1996	6,654	565	6,089	2,025	1,494	3,519	1.73
1995	6,780	581	6,199	495	1,372	1,867	3.32
1994	10,603	554	10,049	7,035	1,644	8,679	1.16
1993	11,507	716	10,791	8,995	2,012	11,007	0.98
1992	11,666	832	10,834	5,770	2,169	7,939	1.36
1991	9,667	756	8,911	6,450	2,555	9,005	0.99
1990	8,951	561	8,390	6,535	2,528	9,063	0.93

(A) Includes mortgage payments received.
(B) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.
(C) 1997 and 1998 include gains/losses due to the increase/decrease of fair market value of investments as a result of GASB 31. The Revenue Bond Coverage excludes these amounts.
(D) Includes a scheduled redemption of $4,881,000 of Housing and Rehabilitation Loan Revenue Bonds and $6,025,000 of scheduled redemptions of Home Improvement Revenue Bonds.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

Wisconsin Housing and Economic Development Authority Revenue Bonds
Business Development Revenue Bonds

For the Last Ten Fiscal Years (In Thousands)

Year	Gross Revenues (A)	Operating Expenses (B)	Net Revenues	Debt Service Principal	Debt Service Interest	Debt Service Total Debt Service	Revenue Bond Coverage
1999	$ 11,240	$ 15	$ 11,225	$ 9,030	$ 2,163	$ 11,193	1.01
1998	11,264	25	11,239	8,495	2,800	11,295	1.01
1997	9,778	190	9,588	6,470	3,200	9,670	1.00
1996	9,769	50	9,719	6,370	3,275	9,645	1.01
1995	9,465	26	9,439	6,310	3,094	9,404	1.00
1994	12,680	24	12,656	9,240	3,385	12,625	1.00
1993	7,375	51	7,324	3,525	3,801	7,326	1.00
1992	6,469	48	6,421	2,860	3,546	6,406	1.00
1991	6,193	46	6,147	2,970	3,168	6,138	1.00
1990	3,170	38	3,132	700	2,392	3,092	1.01

(A) Includes mortgage payments received.
(B) Includes administrative and general costs, mortgage insurance premiums, and lender service fees.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

Wisconsin Housing and Economic Development Authority Revenue Bonds
Single Family Drawdown Revenue Bonds

For the Last One Fiscal Year (In Thousands)

Year (A)	Gross Revenues	Operating Expenses	Net Revenues	Debt Service Principal	Debt Service Interest	Total Debt Service	Revenue Bond Coverage
1999	$ 3,605	$ 3	$ 3,602	$ -	$ 3,602	$ 3,602	1.00

(A) Fiscal year 1999 was the first year of this program.

SOURCE: Wisconsin Housing and Economic Development Authority

State of Wisconsin

Environmental Improvement Fund Bonds

For the Last Eight Fiscal Years (In Thousands)

Year (A)	Gross Revenues (B)	Operating Expenses (C)	Net Revenues	Debt Service Principal	Debt Service Interest	Total Debt Service	Revenue Bond Coverage
1999	$ 54,177	$ 1,675	$ 52,502	$ 24,200	$ 26,651	$ 50,851	1.03
1998	48,124	1,322	46,802	14,270	26,192	40,462	1.16
1997	41,128	1,491	39,637	13,560	22,692	36,252	1.09
1996	38,100	966	37,134	10,100	17,193	27,293	1.36
1995	31,233	1,582	29,651	8,045	17,632	25,677	1.15
1994	27,770	1,579	26,191	8,455	16,334	24,789	1.06
1993	19,316	1,403	17,913	-	14,672	14,672	1.22
1992	18,853	1,297	17,556	-	14,672	14,672	1.20

(A) Fiscal year 1992 was the first full year of this program.

(B) Includes operating revenue from loan repayment and interest income from Revenue Bonds.

(C) Includes allocated administrative and general costs.

SOURCE: Wisconsin Department of Administration

Local Government Property Insurance Fund
Ten-Year Claims Development Information

Fiscal and Policy Year Ended June 30 (In Thousands)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1. Premium and investment revenues:										
Earned	$ 9,706	$ 9,204	$ 8,986	$ 9,315	$ 9,665	$ 9,982	$ 10,347	$ 10,633	$ 11,241	$ 11,396
Ceded	1,730	1,816	1,590	1,776	1,789	1,460	1,359	1,678	1,875	1,023
Net Earned	7,976	7,388	7,396	7,539	7,876	8,522	8,988	8,955	9,366	10,373
2. Unallocated expense	100	94	72	20	50	26	46	73	113	68
3. Estimated incurred claims and allocated expense, end of policy year										
Direct incurred	4,094	4,621	4,693	6,965	8,055	4,427	9,402	8,431	16,828	12,543
Ceded	40	-	664	480	2,300	-	1,600	1,328	8,515	4,127
Net Incurred	4,054	4,621	4,029	6,485	5,755	4,427	7,802	7,103	8,313	8,416
4. Paid (cumulative) as of:										
End of policy year	1,845	2,165	2,189	3,282	2,805	2,489	3,376	4,005	4,561	4,206
One year later	3,875	4,032	3,378	5,957	5,377	4,493	6,956	5,880	7,979	
Two years later	4,024	3,893	3,436	6,236	5,464	4,578	6,667	6,361		
Three years later	4,012	3,898	3,441	6,248	5,766	4,578	6,763			
Four years later	4,012	3,898	3,629	6,248	5,470	4,578				
Five years later	4,012	3,898	3,629	6,248	5,470					
Six years later	4,012	3,898	3,629	6,248						
Seven years later	4,012	3,898	3,629							
Eight years later	4,012	3,898								
Nine years later	4012									

The table above illustrates how the Local Government Property Insurance Fund's earned revenues (net of insurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the fund as of the end of each of the last ten years. The rows of the table are defined as follows:

(1) These lines show the total of each fiscal year's earned contribution revenues and investment revenues, amount of reinsurance premium ceded and net earned revenues.

(2) This line shows each fiscal year's other operating cost of the fund including overhead and claims expense not allocable to individual claims.

(3) This section shows the fund's incurred claims and allocated claims adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) This section of 10 rows shows the cumulative amounts paid as of the end of successive years for each policy year.

(Continued)

Local Government Property Insurance Fund
Ten-Year Claims Development Information

Fiscal and Policy Year Ended June 30 (Continued)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
5. Reestimated ceded losses and expenses:	$ -	$ -	$ 893	$ 542	$ 4,313	$ 0	$ 2,150	$ 1,020	$ 9,848	$ 4,127
6. Reestimated incurred claims and expense:										
End of policy year	4,133	4,621	4,029	6,505	5,784	4,427	7,280	7,103	8,313	8,416
One year later	4,009	4,114	3,491	6,230	5,552	4,674	7,095	6,357	8,180	
Two years later	4,024	3,895	3,443	6,246	5,534	4,578	6,801	6,393		
Three years later	4,012	3,898	3,629	6,248	5,771	4,578	6,763			
Four years later	4,012	3,898	3,629	6,248	5,570	4,578				
Five years later	4,012	3,898	3,629	6,248	5,470					
Six years later	4,012	3,898	3,629	6,248						
Seven years later	4,012	3,898	3,629							
Eight years later	4,012	3,898								
Nine years later	4,012									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	(42)	(723)	(400)	(237)	(285)	151	(1,039)	(710)	(133)	-

(5) This line represents the reestimated losses assumed by reinsurers as of the end of the current fiscal year for each of the policy years presented.

(6) This section of 10 rows shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimatation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(7) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

Health Insurance Risk Pool
Nine-Year Claims Development Information

Calendar and Policy Year Ended December 31 (In Millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
1. Net earned required contributions and investment revenues	$ 70.8	$ 78.0	$ 83.7	$ 69.1	$ 66.2	$ 64.9	$ 59.9	$ 54.4	$ 54.8
2. Unallocated expenses	3.3	2.4	2.8	2.8	2.7	2.4	2.7	2.7	2.9
3. Estimated incurred claims as of the end of the policy year	58.5	66.8	65.3	60.1	61.6	65.8	54.9	55.5	58.5
4. Paid (cumulative) as of:									
End of policy year	47.4	54.4	53.3	50.2	50.3	53.6	46.1	45.8	42.4
One year later	59.2	66.8	65.6	61.0	62.2	64.3	55.1	53.8	
Two years later	59.2	66.9	65.5	60.7	62.5	64.6	55.4		
Three years later	59.2	66.9	65.5	60.7	62.5	64.6			
Four years later	59.2	66.9	65.5	60.7	62.5				
Five years later	59.2	66.9	65.5	60.7					
Six years later	59.2	66.9	65.5						
Seven years later	59.2	66.9							
Eight years later	59.2								
5. Reestimated incurred claims:									
End of policy year	58.5	66.8	65.3	60.1	61.6	65.8	54.9	55.5	58.5
One year later	59.2	66.8	65.7	60.8	62.2	64.5	54.3	54.1	
Two years later	59.2	66.9	65.5	60.7	62.5	64.6	55.4		
Three years later	59.2	66.9	65.5	60.7	62.5	64.6			
Four years later	59.2	66.9	65.5	60.7	62.5				
Five years later	59.2	66.9	65.5	60.7					
Six years later	59.2	66.9	65.5						
Seven years later	59.2	66.9							
Eight years later	59.2								
6. Increase (decrease) in estimated incurred claims from end of policy year	0.7	0.1	0.2	0.6	0.9	(1.2)	0.5	(1.4)	0.0

The table above illustrates how the Health Insurance Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last eight years. The rows of the table are defined as follows:

(1) This line shows the total of each calendar year's earned contribution and investment revenues.

(2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.

(3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.

(5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Data for calendar and policy years prior to 1990 is not available.

Income Continuation Insurance Risk Pool
Nine-Year Claims Development Information

Calendar and Policy Year Ended December 31 (In Millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
1. Net earned required contributions and investment revenues	$ 0.7	$ 10.5	$ 5.8	$ 9.3	$ 0.1	$ 11.8	$ 11.4	$ 17.0	$ 17.0
2. Unallocated expenses	0.3	0.5	0.5	0.6	0.7	0.8	0.9	1.1	1.2
3. Estimated incurred claims as of the end of the policy year	16.4	13.5	13.5	16.3	17.2	19.4	18.7	19.1	19.3
4. Paid (cumulative) as of:									
End of policy year	1.6	1.8	2.0	2.2	2.0	2.7	2.4	2.5	2.5
One year later	3.4	3.7	4.0	4.2	3.9	5.1	4.6	5.4	
Two years later	4.1	4.3	4.6	4.6	4.5	5.8	5.2		
Three years later	4.4	4.7	5.0	4.9	4.9	6.2			
Four years later	4.7	5.0	5.3	5.1	5.1				
Five years later	5.0	5.3	5.6	5.3					
Six years later	5.2	5.6	5.9						
Seven years later	5.5	5.8							
Eight years later	5.8								
5. Reestimated incurred claims:									
End of policy year	16.4	13.5	13.5	16.3	17.2	19.4	18.7	19.1	19.3
One year later	8.8	9.6	9.6	11.5	10.9	12.8	12.1	12.1	
Two years later	8.0	8.1	9.1	8.1	8.8	11.0	9.3		
Three years later	7.6	7.6	8.2	7.2	7.9	10.0			
Four years later	7.4	7.3	7.9	6.9	7.3				
Five years later	7.4	7.4	7.8	6.7					
Six years later	7.4	7.3	7.7						
Seven years later	7.2	7.6							
Eight years later	7.2								
6. Increase (decrease) in estimated incurred claims from end of policy year	(9.2)	(5.9)	(5.8)	(9.6)	(9.9)	(9.4)	(9.4)	(7.0)	0.0

The table above illustrates how the Income Continuation Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last eight years. The rows of the table are defined as follows:

(1) This line shows the total of each calendar year's earned contribution and investment revenues.

(2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.

(3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.

(5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Data for calendar and policy years prior to 1990 is not available.

Duty Disability Insurance Risk Pool
Nine-Year Claims Development Information

Calendar and Policy Year Ended December 31 (In Millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
1. Net earned required contributions and investment revenues	$ 9.1	$ 10.7	$ 12.0	$ 14.3	$ 16.2	$ 22.0	$ 23.7	$ 27.0	$ 32.8
2. Unallocated expenses	1.3	0.1	0.5	0.3	0.2	0.2	0.4	0.1	0.2
3. Estimated incurred claims as of the end of the policy year	21.2	6.1	8.4	7.0	5.1	4.8	15.5	14.1	16.9
4. Paid (cumulative) as of:									
End of policy year	0.3	0.3	0.4	0.1	0.0	0.0	0.1	0.1	0.1
One year later	1.1	1.1	1.3	0.6	0.4	1.1	0.4	0.5	
Two years later	1.8	2.0	2.6	1.5	1.4	2.5	0.8		
Three years later	2.6	3.0	3.9	2.1	2.5	4.0			
Four years later	3.5	4.1	4.9	2.9	3.7				
Five years later	4.4	5.0	5.8	3.7					
Six years later	5.2	5.8	6.8						
Seven years later	6.0	6.7							
Eight years later	6.8								
5. Reestimated incurred claims:									
End of policy year	21.2	6.1	8.4	7.0	5.1	4.8	15.5	14.1	16.9
One year later	9.8	11.0	16.5	10.2	6.1	8.8	5.8	8.2	
Two years later	11.1	14.0	18.4	12.6	10.2	10.5	8.3		
Three years later	13.4	15.4	20.6	16.2	12.9	13.6			
Four years later	14.3	16.8	22.9	18.0	14.5				
Five years later	15.6	18.7	24.8	20.0					
Six years later	18.0	19.5	25.8						
Seven years later	19.1	20.9							
Eight years later	20.3								
6. Increase (decrease) in estimated incurred claims from end of policy year	(0.9)	14.8	17.4	13.0	9.4	8.8	(7.2)	(5.9)	0.0

The table above illustrates how the Duty Disability Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last eight years. The rows of the table are defined as follows:

(1) This line shows the total of each calendar year's earned contribution and investment revenues.

(2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.

(3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.

(5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

Data for calendar and policy years prior to 1990 is not available.

Long Term Disability Insurance Risk Pool
Seven-Year Claims Development Information

Calendar and Policy Year Ended December 31 (In Millions)

	1992	1993	1994	1995	1996	1997	1998
1. Net earned required contributions and investment revenues	$ 6.3	$ 36.1	$ 30.8	$ 47.8	$ 36.1	$ 38.9	$ 37.7
2. Unallocated expenses	0.0	0.1	0.2	0.2	0.2	0.2	0.4
3. Estimated incurred claims as of the end of the policy year	0.0	1.8	3.3	5.4	4.5	4.5	7.7
4. Paid (cumulative) as of:							
End of policy year	0.0	0.1	0.0	0.1	0.1	0.1	0.1
One year later	0.0	0.3	0.4	0.5	0.7	0.4	
Two years later	0.1	0.4	0.8	0.9	1.4		
Three years later	0.1	0.6	1.2	1.3			
Four years later	0.1	0.8	1.6				
Five years later	0.2	0.9					
Six years later	0.2						
5. Reestimated incurred claims:							
End of policy year	0.0	1.8	3.3	5.4	4.5	4.5	7.7
One year later	0.2	1.2	2.5	3.4	4.3	2.5	
Two years later	0.2	1.5	3.2	3.9	5.4		
Three years later	0.2	1.7	3.7	4.1			
Four years later	0.2	2.0	4.1				
Five years later	0.2	1.8					
Six years later	0.2						
6. Increase (decrease) in estimated incurred claims from end of policy year	0.2	0.0	0.8	(1.3)	0.9	(2.0)	0.0

The table above illustrates how the Long Term Disability Fund Risk Pool's earned revenues and investment income compare to related costs of loss assumed by the fund as of the end of each of the last six years. The rows of the table are defined as follows:

(1) This line shows the total of each calendar year's earned contribution and investment revenues.

(2) This line shows each calendar year's other operating costs of the funds including overhead and claims expenses not allocable to individual claims.

(3) This line shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

(4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.

(5) This section shows each policy year's incurred claims as reestimated at the end of each successive policy year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

(6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The Long Term Disability Fund was initiated in 1992.

State of Wisconsin

Bank Deposits

For the Last Ten Fiscal Years (In Thousands)

Year	State Chartered Banks	Nationally Chartered Banks	State Chartered Savings And Loans
1999	$ 45,943,028	$ 15,797,789	$ 10,798,405 (A)
1998	41,578,232	14,192,053	7,428,791
1997	37,949,640	13,640,277	9,334,442
1996	30,807,941	17,113,236	8,651,268
1995	26,363,116	19,235,764	8,557,009
1994	24,291,519	18,504,710	7,926,833
1993	23,996,285	18,244,506	8,318,416
1992	23,521,000	17,318,000	8,126,329
1991	23,586,124	19,513,000	8,705,007
1990	22,451,000	15,165,000	10,643,384

(A) 1993-1999 include Savings Banks

SOURCES: Wisconsin Department of Financial Institutions

State of Wisconsin

Unemployment Data

For the Last Ten Years

Year	Population (Thousands)	Unemployment Rate Wisconsin	Unemployment Rate U.S.
1998	5,224	3.4	4.5
1997	5,170	3.7	4.9
1996	5,147	3.5	5.4
1995	5,113	3.7	5.6
1994	5,075	4.7	6.1
1993	5,038	4.7	6.8
1992	4,991	5.0	7.4
1991	4,946	4.9	6.6
1990	4,902	4.3	5.5
1989	4,857	4.4	5.3

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis
Wisconsin Department of Workforce Development
1999 data is not available.

State of Wisconsin

Personal Income

For the Last Ten Years

Calendar Year	Personal Income (Millions)	Percentage Change From Previous Year	Dollars per Capita	Percentage of National Average
1998	$ 131,001	4.7	$ 25,079	95.0
1997	125,081	5.2	24,048	95.1
1996	118,940	5.4	22,987	95.1
1995	112,806	5.4	21,960	95.2
1994	107,063	5.8	21,012	95.3
1993	101,159	4.6	20,078	94.6
1992	96,746	7.1	19,382	94.3
1991	90,320	4.1	18,261	93.1
1990	86,726	6.1	17,692	92.4
1989	81,719	7.2	16,827	92.7

Information for 1999 is not yet available.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

State of Wisconsin

Disposable Personal Income

For the Last Ten Years

Calendar Year	Disposable Personal Income (Millions)	Percentage Change From Previous Year	Dollars per Capita	Percentage of National Average
1998	$ 109,300	3.9	$ 20,925	93.6
1997	105,244	4.2	20,235	93.7
1996	101,011	4.5	19,521	93.8
1995	96,668	5.2	18,818	93.9
1994	91,904	5.4	18,037	93.8
1993	87,180	4.2	17,303	93.3
1992	83,662	7.2	16,761	93.1
1991	78,049	4.2	15,780	92.0
1990	74,879	6.2	15,275	91.7
1989	70,508	6.6	14,518	92.2

Information for 1999 is not yet available.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

Kindergarten through Grade 12
Enrollment Statistics

For the Last Ten Years

Year	Public	Private	Total
1999	859,387	135,039	994,426
1998	881,248	147,344	1,028,592
1997	859,469	138,658	998,127
1996	852,130	137,212	989,342
1995	860,686	148,002	1,008,688
1994	844,001	149,782	993,783
1993	829,415	146,807	976,222
1992	814,671	145,327	959,998
1991	797,621	144,215	941,836
1990	782,905	142,729	925,634

SOURCE: Wisconsin Department of Public Instruction, Division for Management and Budget, Educational Information Services

State of Wisconsin's Largest Employers (Over 1000 Employes)

Rank	Employer Name	Type of Industry
1	Wal-Mart Stores Inc.	General Merchandise Stores
2	Shopko Stores Inc.	General Merchandise Stores
3	Quad/Graphics Inc.	Printing and Publishing
4	Kohler Company	Fabricated Metal Products
5	Allen-Bradley Co. Inc.	Electronic and Other Electric Equipment
6	General Motors Corporation	Transportation Equipment
7	Dayton Hudson Corporation	General Merchandise Stores
8	Land's End Inc.	Catalog and Mail Order Houses
9	Fort James Operating Co.	Paper and Allied Products
10	J C Penney Company Inc.	General Merchandise Stores
11	Consolidated Papers Inc.	Paper and Allied Products
12	Kimberly-Clark Corp.	Paper and Allied Products
13	K-Mart Corp.	General Merchandise Stores
14	United Parcel Services Inc.	Trucking and Warehousing
15	Fleming Companies Inc.	Groceries and Related Products
16	Walgreen Company Illinois	Pharmaceutical Stores
17	Wisconsin Electric Power Company	Electric, Gas and Sanitary Services
18	The Copps Corporation	Groceries and Related Products
19	Wisconsin Bell Inc.	Communications
20	Beverly Health & Rehabilitation	Health Services
21	Brunswick Corporation	Industrial Machinery and Equipment
22	American Family Mutual Insurance	Insurance
23	Kraft Foods Inc.	Packaged Foods
24	General Electric Company	Instruments and Related Products (Mfg.)
25	Thedacare Inc.	Health Services

Note: Employe data as of March 1998
Employe data for 1999 is not yet available.

SOURCE: Wisconsin Department of Workforce Development

State of Wisconsin

Employment Trends in Wisconsin

For the Last Ten Years (In Thousands)

Year (A)	Civilian Labor Force (B)	Unemployment	Percent of Work Force (C)	Total Employment (D)	Nonfarm Wage and Salary Employment	Manufacturing (E)
1998	2,952.0	99.4	3.4%	2,852.6	2,711.9	616.7
1997	2,949.4	108.4	3.7	2,841.1	2,655.7	608.8
1996	2,927.3	103.3	3.5	2,824.0	2,600.5	601.1
1995	2,843.9	105.4	3.7	2,738.5	2,558.5	601.6
1994	2,798.6	132.0	4.7	2,666.6	2,490.8	583.9
1993	2,727.5	129.5	4.7	2,598.0	2,412.7	561.8
1992	2,675.6	138.1	5.2	2,537.5	2,357.9	549.6
1991	2,595.3	141.8	5.5	2,453.6	2,302.0	546.2
1990	2,581.1	114.5	4.4	2,466.6	2,291.5	558.6
1989	2,611.0	114.0	4.4	2,497.0	2,236.4	558.5

(A) All data are estimates which are revised monthly and annually. Data may not be strictly comparable for various years due to changes in categories. Calendar year information for 1999 is not yet available.

(B) The civilian labor force includes both the employed and unemployed, age 16 and over, excluding current military personnel and institutionalized individuals.

(C) Percentages are not seasonally adjusted.

(D) Includes workers involved in labor disputes.

(E) Unadjusted total.

SOURCE: Wisconsin Department of Workforce Development

State of Wisconsin

Estimated Production Workers in Manufacturing - Hours and Earnings Annual Average

	Wisconsin			United States		
	1988	1998	Percentage Change	1988	1998	Percentage Change
Weekly Earnings	$ 443.50	$ 586.87	32.3%	$ 418.81	$ 562.53	34.3%
Weekly Hours	41.8	41.8	0	41.1	41.7	1.5
Hourly Earnings	$ 10.61	$ 14.04	32.3	$ 10.19	$ 13.49	32.4
Number of Workers (000)	392	450	14.8	13,193	12,930	-2.0

SOURCE: Wisconsin Department of Workforce Development

Annual average for 1999 is not yet available.

State of Wisconsin

Estimated Employes in Wisconsin on Nonagricultural Payrolls (A), 1998

	Wisconsin		United States	
	(Thousands)	Percent	(Thousands)	Percent
Mining	2.8	0.1%	590	0.5%
Contract Construction	112.5	4.1	5,985	4.8
Manufacturing	616.7	22.7	18,772	14.9
Transportation and Public Utilities	126.9	4.7	6,600	5.2
Wholesale Trade	136.4	5.0	6,831	5.4
Retail Trade	473.1	17.4	22,296	17.7
Finance, Insurance and Real Estate	143.8	5.3	7,407	5.9
Miscellaneous Services	706.7	26.2	37,526	29.8
Government	393.1	14.5	19,819	15.8
Total	2,712.0	100.0	125,826	100.0

(A) Not seasonally adjusted. Calendar year information for 1999 is not yet available.

Note: This table excludes agriculture, forestry and fisheries employes. (In 1990 this group accounted for 4.6% of all employed persons in Wisconsin and for 2.7% in total United States.)

SOURCES: Wisconsin Department of Workforce Development
U.S. Department of Labor, Bureau of Labor Statistics

State of Wisconsin

Total New Housing Units Authorized in Permit-Issuing Places

For the Last Ten Years

Calendar Year	Wisconsin	Percent Change Wisconsin	Percent Change U.S.
1998	35,436	1.1	1.2
1997	31,925	(4.1)	1.1
1996	33,296	2.8	7.0
1995	32,403	(6.4)	(2.8)
1994	34,619	7.8	14.4
1993	32,114	3.6	9.5
1992	30,995	23.4	15.4
1991	25,122	(7.9)	(14.6)
1990	27,282	1.4	(17.0)
1989	26,914	11.6	(8.1)

Information for 1999 is not yet available.

SOURCE: U.S. Bureau of the Census, "Construction Reports C40 Housing Authorized by Building Permits and Public Contracts"

How Wisconsin Ranks Among the States In Agriculture, 1998

Commodity	Rank Among States	Units	Wisconsin 1998 Production (In Thousands)	Percent of U.S. Production	U.S. 1998 Production (In Thousands)	Leading State
Dairy						
Milk Production	2	Lbs.	22,842,000	14.5	157,441,000	California
Butter	1	Lbs.	303,011	28.0	1,081,879	Wisconsin
Total Cheese	1	Lbs.	2,116,456	28.2	7,501,903	Wisconsin
American	1	Lbs.	931,408	28.0	3,325,836	Wisconsin
Swiss	3	Lbs.	32,929	16.0	206,408	Ohio
Muenster	1	Lbs.	53,255	56.3	94,615	Wisconsin
Brick	1	Lbs.	3,858	50.9	7,578	Wisconsin
Italian	1	Lbs.	866,708	28.9	3,001,106	Wisconsin
Cottage Cheese						
4% or more milkfat	6	Lbs.	17,839	4.9	366,761	New York
Less than 4% milkfat	4	Lbs.	19,183	5.3	361,876	New York
Condensed Milk, bulk						
Sweetened, whole	1	Lbs.	57,083	71.6	79,766	Wisconsin
Whey products						
Dry whey	1	Lbs.	314,799	26.7	1,179,824	Wisconsin
Lactose	2	Lbs.	94,989	20.3	468,949	Minnesota
Ice cream	26	Gals.	11,489	1.2	937,485	California
Livestock						
All cattle and calves (A)	9	Head	3,400	3.5	98,522	Texas
Milk cows (A)	2	Head	1,370	15.0	9,143	California
Hogs and pigs, all (B)	16	Head	690	1.1	62,156	Iowa
Trout	8	Lbs.	604	1.1	55,103	Idaho
Mink pelts - 1997	1	Pelts	701	24.6	2,844	Wisconsin
Crops						
Corn for silage	1	Tons	10,585	11.2	94,525	Wisconsin
Oats	4	Bushels	18,300	11.0	167,122	North Dakota
All Hay (dry only)	8	Tons	6,370	4.2	151,338	South Dakota
Potatoes, all	3	Cwt.	30,895	6.5	477,754	Idaho
Cherries, tart	3	Lbs.	14,700	4.2	348,700	Michigan
Maple syrup	6	Gals.	70	6.0	1,159	Vermont
Cranberries	1	Bbl.	2,520	46.8	5,387	Wisconsin
Mint for oil	5	Lbs.	639	5.0	12,714	Washington
Carrots	3	Tons	89.2	16.2	549.3	Washington
Beets for canning	1	Tons	42.5	40.2	105.5	Wisconsin
Cabbage for fresh market	7	Cwt.	1,387	5.7	24,196	California
Cabbage for kraut	1	Tons	76.3	45.3	168.6	Wisconsin
Sweet corn for processing	3	Tons	657.3	20.2	3,250.7	Washington
Green peas for processing	3	Tons	92.2	19.1	483.8	Minnesota
Snap beans for processing	1	Tons	233.1	32.9	707.8	Wisconsin
Cucumbers for pickles	4	Tons	52.0	8.4	615.3	Michigan

Information for 1999 is not yet available except where noted.

(A) January 1, 1999 inventory
(B) December 1998 inventory

SOURCE: Wisconsin Deparment of Agriculture, Agricultural Statistics Service

Miscellaneous Data

Date Wisconsin Became Part of United States	1783
Inception as a State (30th State)	1848
Form of Government	Legislative-Executive-Judicial
Capitol	Madison
State Symbols	
Flower	Wood Violet
Tree	Sugar Maple
Wildlife Animal	White-tailed Deer
Animal	Badger
Fish	Muskellunge
Bird	Robin
Total Area	35.8 Million Acres
Land Area	34.8 Million Acres
Water Area	1.0 Million Acres
Miles of State Highways	11,830 Miles
Higher Education (Students)	
University of Wisconsin System	152,926
University of Wisconsin Extension	229,854
Private	52,195
Vocational/Technical Colleges	439,068
Recreation	
Number of State Parks	43
Area of State Parks	63,003 Acres
Number of State Forests	12
Area of State Forests	495,468 Acres
Number of State Trails	25
Area of State Trails	8,550 Acres
Number of Historical Markers	400
Number of Historic Sites	7
Number of Recreational Areas	5
Area of Recreational Areas	9,052 Acres
Permanent Classified State Employes	64,709

SOURCE: Wisconsin Blue Book, 1999-2000

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